

PROGRAM FOR USDA/USTR LISTENING EVENT

CHAIRMAN: KEVIN KELLY

DATE: Friday, June 4, 1999

TIME: 9:30 a.m.

PLACE: Florida Citrus Building
500 - 3rd Street N.W.
Nora Mayo Hall
Winter Haven, Florida

BEFORE: GAYE MONAGHAN, CVR
Certified Verbatim Reporter
and Notary Public, State
of Florida at Large

APPEARANCESPANEL:

a.m.

Commissioner Bob Crawford
Ambassador Susan Esserman
Marc Baas
Dr. Isi Siddiqui

p.m. (before break):

Dr. Martha Roberts
Teresa Howes
Marc Baas
Dr. Isi Siddiqui

p.m. (after break):

Dr. Martha Roberts
Teresa Howes
Marc Baas
Pat Sheikh

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1 CHAIRMAN: If everyone would, let's join in a Pledge
2 of Allegiance to the flag over here. We'll get started
3 with that. I'll lead that.

4 (Whereupon the pledge was recited.)

5 CHAIRMAN: Thank you. Be seated. Okay. It is good
6 to see everybody today. We've got a good crowd. I know
7 there will be others arriving but we need to move along.
8 We've got a tight schedule, so we're going to try to
9 stick to that as best we can. It is a great pleasure of
10 mine to introduce our host today, Florida Commissioner of
11 Agriculture, The Honorable Bob Crawford. Would you
12 please give him a hand.

13 (Applause.)

14 MR. CRAWFORD: Thank you very much, Kevin. Let me
15 first thank everybody for taking the time to come here. I
16 see a lot of local people but I see a lot of people who
17 travelled a pretty good distance to get here. We want to
18 thank you very much for taking the time to be with us.

19 What I'd like to do first is keep my remarks short.
20 Today's purpose is for our good friends from Washington,
21 who have travelled down here, to have a chance to hear
22 from growers and people involved in Florida agriculture
23 and have them have a chance to express their concerns and
24 their thoughts about trade and other issues. So I'll
25

1 keep my remarks very short.

2 Let me just first introduce our guests who have come
3 here and then I'll make a couple of short remarks and
4 then introduce Ambassador Esserman first to make some
5 remarks after I've had a chance to say a few words. So,
6 first let me -- today we're very delighted that the
7 United States Trade Office has selected Winter Haven and
8 Florida to be the first stop on a number of stops around
9 the country to hear from people in agriculture about the
10 upcoming trade negotiations that really will be starting
11 at the preliminary talks in Geneva in June and then
12 November, I believe, in Seattle, Washington.

13 So trade is now going to be back on the front burner
14 of American debate. Obviously, in this state we know
15 that debate is very important. It's important that we
16 have people engaged in those debates that understand our
17 concerns, and I'm delighted to introduce to you today
18 Ambassador Sue Esserman, who was recently confirmed as
19 the Deputy Trade Representative of the United States.
20 Sue received bipartisan support, unanimous support of
21 confirmation, to the United States Senate in this
22 position.

23 Prior to that she served as the general counsel at
24 the Department of Commerce where I first got to know her
25

1 good work when we were engaged in our tomato suit.

2 Behind the scenes, Sue Esserman was there helping us get
3 to where we needed to get to on the final resolution of
4 the tomato dumping action. The resolution was very
5 positive for our growers.

6 She moved from there, the general counsel, to the
7 USTR and now, of course, is serving in the ambassador
8 capacity as the Deputy U.S. Trade Representative. I'm
9 also pleased to let you know that she's a Floridian, so
10 she knows a little bit about this state. I'll tell you
11 we couldn't be more pleased than to have Sue with us
12 today. Let's give her a welcome.

13 (Applause.)

14 MR. CRAWFORD: From the United States Department of
15 Agriculture we have Issi Siddiqui, who is the Special
16 Advisor to the Secretary of Agriculture on Trade Matters.
17 We know Issi from way back working the many years that he
18 served in the California Department of Agriculture. He
19 was the Richard Gaskell of California Department of
20 Agriculture. He battled the medfly and all the things in
21 California. It's good to know there's life after
22 battling the medfly.

23 But Issi has a number of degrees that make him a
24 real expert, particularly on sanitation.

25

1 Phytosanitation, as we get into the trade issues are key,
2 so his position to Secretary Glickman is a key part of
3 what, I think, will go into making negotiations
4 successful and making sure that our people understand the
5 impact particularly from the scientific standpoint of
6 what these trade groups are based of. So Issi, we thank
7 you for being there. Let's give Issi a --

8 (Applause.)

9 MR. CRAWFORD: On my far right we have Marc Baas,
10 who is with the State Department and is with us here
11 today. We're very glad to have him. Marc is pretty much
12 a world traveller when we look at his resume -- many
13 years in Africa and served four years in Tokyo as the
14 Deputy Economic Counsellor. His current assignment is
15 the Director of the Office of Agriculture Textile Trade
16 Affairs, Bureau of Economic and Business Affairs since
17 1998. We are very glad to have Marc with us here this
18 morning. Marc, thank you.

19 (Applause.)

20 MR. CRAWFORD: Let me just say that there is no
21 issue more important to Florida agriculture than
22 international trade and international trade agreements.
23 We've been through the firestorm of NAFTA and we are
24 still feeling the fallout of that. We're very grateful
25

1 for many of the concessions that were made in the NAFTA
2 agreement to help Florida farmers and the work that Sue
3 and other people on her level have done.

4 As we approach these upcoming negotiations, I think
5 the feeling that I get around the state, and really most
6 of the country, is that you support international trade;
7 we've got to have international trade. We're on board
8 with that, but we would hope that these trade agreements
9 are not just free trade agreements, that they are fair
10 trade agreements, that they do recognize the differences
11 of countries, that government imposed and societally
12 imposed expenses that our growers face are not
13 necessarily the same in other countries and that presents
14 an imbalance.

15 So if we have a level playing field we can compete.
16 We can compete with any country in the world. We realize
17 that in the trade agreements that there's going to be
18 winners and losers, but certainly we try to maximize our
19 winners and we try to minimize the losers. But it is my
20 position, and I believe across the land in the United
21 States and Congress as well, that food production is one
22 of those issues that is so important from a national
23 interest standpoint, that this country could not profit
24 from any trade agreement that would give up our ability
25

1 to try to be self-sufficient in our food supply. So we
2 would hope that partially perishable agriculture and
3 agriculture in general would never be sacrificed in the
4 name of trying to implement trade agreements in other
5 sectors of the economy. I think across the land that
6 seems to ring very true and certainly here in Florida.

7 So we've made some progress and we're very grateful
8 for the announcement of the opening of China for citrus.
9 We are hopeful that these other complications are not
10 going to slow that down too much and we keep trade as a
11 separate issue and resolve all those other issues in a
12 separate debate. We're anxious about that and the other
13 countries that we're on the verge of getting into, yet at
14 the same time we're still worried, concerned, that years
15 after the NAFTA agreement, still the first fresh orange
16 has not been delivered to Mexico. So we need help in
17 enforcing these agreements, and certainly I think you
18 will hear more about that today.

19 The dumping laws we think are very important, and
20 those that are trying to do away with the across the road
21 dumping law, we think that they are one of the last
22 things that is a legitimate tool that protects our
23 domestic production across the board, and hope that we
24 can maintain that. So again, it's great to have these
25

1 people here today that mean so much to our future. With
2 that, let me ask the Ambassador if she would please share
3 a few thoughts with us this morning.

4 (Applause.)

5 MS. ESSERMAN: Good morning. I am absolutely
6 delighted to be here. This is the first of our Listening
7 Sessions that the United States Trade Representatives
8 Office and USDA have organized, and I am especially
9 delighted being a Floridian that it is here in Florida.
10 Thank you very much, Commissioner Crawford, for that
11 lovely introduction. I want to actually thank you for
12 hosting this event, for your leadership on Florida
13 agriculture issues and for your interest and activism on
14 the trade issues, particularly on these important issues
15 that we're going to be facing in the next few years.

16 I am also very delighted that Congresswoman Thurman
17 is here today. She is a very effective advocate for
18 Florida agricultural interests.

19 This is a Listening Session so I do want to spend
20 most of my time listening to you, but I'd like to just
21 begin with some brief overview on some of the principles
22 that we think are going to be important on why we see
23 that it's very important that we launch a new trade
24 negotiating Round and some of the basic issues that we're
25

1 likely to address.

2 Let me just say that I really do very fully agree
3 with the basic outlines that you just presented,
4 Commissioner Crawford, and I think you'll see that from
5 some of what I'm going to say.

6 To begin with, our agricultural trade policies rest
7 on a few basic principles -- opportunity, fairness and
8 respect for science. As you know, America's farmers are
9 the world's most highly competitive and technologically
10 advanced. Because of this, we produce far more than we
11 can ever eat. That means we must seize the opportunity
12 to export to the 96 percent of the human race that lives
13 beyond our borders.

14 We are, and we will be in the future, increasingly
15 reliant on exports for success. With 20 percent of
16 Florida's agricultural production going overseas at this
17 juncture, this is as true for Florida as it is for the
18 rest of the nation. Foreign markets, which currently
19 absorb 1 point two billion dollars in Florida
20 agricultural exports are already crucial to the incomes
21 to many Florida farm and ranch families. Overall,
22 Florida is among the top 20 agricultural export states
23 and among the top 10 exporters of fruits, peanuts,
24 vegetables and seeds.
25

1 Likewise, as Commissioner Crawford has indicated,
2 our agriculture producers, particularly in Florida,
3 depend on strict and impartial enforcement of our trade
4 laws to address dumping, subsidies and surges of imports.

5 Trade policy must be sensitive to the concerns of
6 import-sensitive products including seasonal, perishable
7 produce -- and you very much recognize that.

8 As the Commissioner indicated, in 1996, in order to
9 address import surges from Mexican tomatoes, we reached
10 an unprecedented agreement -- a tough agreement that was
11 designed to prevent injurious pricing. It is one that
12 has helped to stabilize markets -- the market and prices
13 and an agreement that has prevented the sustained price
14 drops that occurred prior to the agreement.

15 Another important principle is that exporters and
16 consumers alike require a strong science-based food
17 inspection regime to ensure confidence in the food supply
18 and to make sure that foreign countries are not creating
19 new trade barriers. These are the fundamental goals that
20 this administration has pursued over the past six years.

21 Now I just want to focus specifically on what our
22 involvement in the WTO has been about. Through the WTO
23 we have created a set of agreements that have lowered
24 barriers and that are designed to ensure that open
25

1 markets are open and fair. Our involvement in the WTO
2 represents 50 years of bipartisan American leadership in
3 the creation of the system and has helped to raise
4 incomes, create jobs, and promote American values of fair
5 play and the rule of law worldwide.

6 Now, as you know the first time was in 1995 we
7 brought agriculture into the trading system in the last
8 Round of negotiations known as the Uruguay Round
9 negotiations, and we have begun to see results. As a
10 result of those negotiations we cut tariffs and quotas on
11 farm and ranch products worldwide. These included
12 substantial cuts in tariffs in Japan and Korea on oranges
13 and fresh grapefruit.

14 The European Union reduced tariffs for orange juice
15 from 19 percent to 12 percent, and we won similar
16 concessions from a number of other countries. We also
17 began to cut foreign subsidies. And finally, we won the
18 consensus that health and food safety standards should be
19 based strictly on science and public health, rather than
20 serving as disguised barriers to your products. All of
21 these create new opportunities for us to market our
22 goods.

23 Another very important element of the last Round of
24 negotiations and the creation of the WTO as an
25

1 institution is a dispute settlement system. We need to
2 make sure that the agreements that we negotiate are not
3 just paper agreements -- that we have a mechanism to
4 bring home the benefits of these agreements back to the
5 United States, and we do that. We created the dispute
6 settlement system and we in the United States have been
7 the most active user of the system and overall we've done
8 very well -- I would say far better than we do in
9 American courts.

10 We have won 20 out of the 22 cases that we have
11 taken to the WTO and won at the WTO all of our
12 agricultural cases. Interestingly, nearly half the cases
13 we've taken to the WTO involve agricultural products.
14 We've won important victories and victories that will be
15 of enormous significance to Florida interests. You may
16 know of a few celebrated cases such as the bananas case,
17 and of course the beef case which is of much more direct
18 relevance to Florida interests. Here we have threatened
19 to take retaliation if the European Union does not comply
20 with its obligations.

21 I am going to focus on the WTO but of course, as you
22 know, we pursue our interests not only through the multi-
23 lateral negotiations we pursue but through important
24 bilateral agreements. I just have to mention that
25

1 because we have done a number of them that are important
2 to Florida. Most recently, as you all know, we concluded
3 an enormously important agreement with China which will
4 have substantial benefits for Florida.

5 Our ability to secure this agreement really relates
6 to the WTO. It was because the Chinese government was
7 following the WTO standards that we were able to get this
8 agreement. China agreed in this bilateral agreement.
9 I'm emphasizing that because this agreement is already
10 now in effect and will remain in effect regardless of
11 what happens with our WTO session negotiations.

12 But, in this agreement China lifted its ban of
13 citrus products and this will have -- really open up the
14 market in an important way to your industry. Indeed,
15 your industry is estimating that this might lead to a
16 market of 200 million dollars in Europe, the lifting of a
17 ban by itself, and with the reduction of tariffs that
18 could come if China exceeds to the WTO will be
19 significant additional opportunities. Many Floridians
20 deserve a great deal of credit for their work on this
21 agreement. They have been working for many, many years.
22 Of course Commissioner Crawford has been instrumental
23 here, but I would also like to mention the incredible
24 advice and assistance of Bobby McGowan who is here today.
25

1 We have really benefited so greatly from his advice and
2 counsel over the years.

3 Most importantly, I must say that our work is far
4 from done and I know that you know that because there are
5 many remaining barriers to our access to foreign markets,
6 some of which the Commissioner has mentioned. Let me add
7 a few. There are, of course, tariff and other barriers
8 to our citrus products in many markets -- the
9 unscientific meat standards in Europe, very high
10 subsidies, tariff and non-tariff barriers in sugar.

11 In the testimony that you submitted, we saw many
12 other specific barriers in Chili, Mexico -- I just
13 mentioned -- New Zealand, Argentina. Of course, more
14 remains to be done in China. And of course we see a very
15 disturbing trend in Europe toward a disregard of
16 scientific data in biotechnology. This could present a
17 very significant threat to our biotechnology issue.

18 The President has called for a new Round of
19 negotiations because he sees that our work is not yet
20 done. We must continue to reduce these significant
21 barriers to our exports in agriculture because, as I've
22 said, we've just begun in the WTO and also more broadly
23 to continue to reduce barriers for our industrial goods
24 and our high-tech goods, as well. Again, Florida has a
25

1 great stake in our reducing barriers in these areas, as
2 well.

3 We are going to be launching a new Round of
4 negotiations at the end of this year at a Ministerial to
5 be held in Seattle. It is the largest trade event ever
6 held in the United States in which ministers from over
7 150 countries will be coming. I am delighted to know
8 that Commissioner Crawford, and I hope many of you will
9 be coming. There will be industries from all over the
10 world. It is a very important time for us.

11 We decided to host this event here and the President
12 made the decision because we thought it would maximize
13 our ability to shape the agenda and we could also
14 showcase the competitiveness of American producers and
15 workers. So we are very delighted to have the event
16 here, but we must work hard to make sure that we are
17 shaping the agenda right. That's why this event is so
18 important to us.

19 One thing -- because I want to really listen to you,
20 I am going to spare you on some of the details on how we
21 see the broader negotiations, but let me say of
22 significant importance to agriculture is that we see this
23 Round to be very unlike past negotiating rounds. This is
24 very important to the President. In fact, he laid down a
25

1 marker last year when he went to Geneva to say, "We have
2 a very different economy than we used to have and people
3 are not going to wait 10 years to secure results." I
4 think that's very important for the agriculture
5 community, too. So what we have been pressing around the
6 world with our trading partners is the notion that this
7 Round will be completed within three years. There is
8 very little precedent for doing that, but I think we're
9 in a very different economic era and we must work to make
10 sure that that happens.

11 While the negotiations will be broader -- it will
12 involve services and probably industrial tariffs, and
13 that's something that I know the agriculture community
14 generally wants -- the issues themselves are absolutely
15 at the core of the agenda. As Vice-President Gore has
16 said, "Our economy depends on fully productive and
17 competitive agriculture," and the Round is our single
18 biggest opportunity in trade policy to make sure that
19 American agriculture remains the world's standard.

20 In the months ahead and based on the input that we
21 hear today, we will begin to set a specific agenda. Let
22 me just tell you very broadly what we see the basic
23 issues to be. First, reducing tariffs and other barriers
24 to our products overseas; promoting fair trade by
25

1 eliminating foreign export subsidies and reducing trade-
2 distorting domestic supports; ensuring greater
3 transparency and fairness in state trading; and helping
4 to guarantee that farmers and ranchers can use safe
5 modern technologies, in particular biotechnology, without
6 the fear of trade discrimination. And very importantly
7 -- and I very much appreciate hearing your interest on
8 this issue -- ensuring that American producers have the
9 right to effective remedies against dumping, against
10 subsidies and against import surges, and we need to be
11 especially mindful of the case of import-sensitive,
12 seasonal and perishable industries.

13 Let me just say very briefly that we are already
14 trying to begin to build basic support for our work
15 ahead. We are working through the Free Trade Agreement
16 of the Americas to have our trading partners in the
17 southern hemisphere to agree to our basic views on
18 agriculture. We've taken important steps along that way.

19 The President has a new African initiative that we
20 are working with our African trading partners to talk
21 about the importance of agriculture, and many of them
22 share our interests and concerns. We're also working
23 with the European Union, as difficult as that can be, to
24 begin to address some of the difficult biotechnology
25

1 issues -- and of course the most significant progress we
2 have made specifically is in our bilateral agreement with
3 China, which benefits Florida citrus and others.

4 In all of our work we, of course, need direct input
5 from you and that is why this is such an important event,
6 because the best way we're going to set our agenda is to
7 ask for your help and to base our agenda on your advice.
8 We want to hear your priorities, understand firsthand the
9 problems that you see in international trade, and based
10 on that we hope to agree on the major opportunities that
11 we should expect to realize.

12 With this advice we hope to set a broad trade agenda
13 that will benefit Florida agriculture and the state of
14 Florida as a whole and our Nation. Through these
15 negotiations we believe that we can raise living
16 standards for American farm and ranch families and we can
17 establish greater security against unfair trade
18 practices.

19 Let me just say how delighted I am to be here, and
20 thank you again, Commissioner Crawford, for your hosting
21 of this event. This is very, very important to us, our
22 very first event in a series of Listening Sessions. I
23 look forward to hearing your specific comments, concerns
24 and suggestions.
25

1 At this point let me introduce Dr. Issi Siddiqui who
2 is the Chief Adviser to Trade to Secretary of Agriculture
3 Dan Glickman. Thank you very much.

4 (Applause.)

5 DR. SIDDIQUI: Thank you, Ambassador Esserman. I
6 also want to thank Commissioner Crawford for hosting this
7 event, and Congresswoman Thurman for being here. I would
8 like to join my colleagues in welcoming you all to this
9 Joint USDA/USTR and Florida Department of Agriculture
10 Listening Session as we prepare for the WTO session.

11 We are having some problems here. It's not going to
12 work. Is there some other place we can --

13 MS. CORNELIUS: You're okay.

14 DR. SIDDIQUI: Is it okay?

15 MS. CORNELIUS: Yes, sir.

16 DR. SIDDIQUI: As we begin for the WTO Round in
17 Seattle, we felt that we needed to go around the country
18 -- and this is a very ambitious agenda here with holding
19 12 Joint USDA/USTR sessions in terms of listening to what
20 the different segments of the agriculture industry around
21 the country are thinking. This will help us to prepare
22 for the next Round.

23 As you know, the next meeting will be in Seattle at
24 the end of November. This will kick off the negotiating
25

1 process in 134 nations. We appreciate the time and
2 effort that you had made to attend this session today.
3 As we prepare for the beginning of the new Round of
4 multi-national negotiations it is critical that we hear
5 and understand the issues that should be priorities for
6 us as we go around the country. This will help us in
7 developing the U.S. negotiating status.

8 I think as a background I need to discuss with you
9 where we have been. This slide -- I apologize for the
10 distortion of it because of the wall -- but this gives
11 you the terms of the General Agreement on Tariffs and
12 Trade or GATT that was established in 1948. There have
13 been altogether eight multilateral negotiations or
14 Rounds, the last being concluded in 1994. For your
15 information, it took eight years in the making from 1986
16 to 1994.

17 The establishment of the World Trading Organization
18 or WTO, and a number of other issues as I go along I will
19 discuss, was a major accomplishment of that last Round,
20 especially in creating a trade disputes resolution
21 process was a major accomplishment of the last Round.
22 Now we are about to begin the next Round at the end of
23 November. Next, please.

24 This is exactly what we are trying to do with the
25

1 series of Listening Sessions here and around the country.
2 We are seeking your input and help in terms of shaping
3 our trade policies for the new Round under the WTO
4 process as we enter the new millennium. As you are fully
5 aware, while our national economy has been booming, it
6 has been a year of struggle and hardship in many parts of
7 rural America.

8 We at USDA, from Secretary Glickman on down,
9 recognize the hardship you folks are, especially in parts
10 of the country where agriculture is not as diversified as
11 in Florida, going through because of the low grade prices
12 and commodity prices. At USDA we are marshalling all of
13 our resources in working with Congress in terms of
14 finding ways to help the farmers across the country. We
15 are making sure that emergency economic relief gets to
16 the farmers as soon as possible. The strengthening of
17 the farm safety net is one of the top agendas for the
18 work for Secretary Glickman as well as the
19 Administration, that consolidations and mergers which are
20 sweeping agriculture are subject to proper oversight and
21 scrutiny. We continue to press for opening new markets
22 overseas.

23 I'd like to, as I begin, to go over what our agenda
24 should be. These are the three priorities I'd like to
25

1 discuss in the next few minutes -- the critical role that
2 exports play to the U.S. agriculture. There will be
3 slides following this which will demonstrate this. The
4 role that trade agreements have played in obtaining
5 current levels of exports, and thirdly U.S. goals for WTO
6 negotiations for the coming Round. Next, please.

7 As you can see, the U.S. agriculture exports 53.6
8 billion dollars in 1998. Agriculture exports -- supports
9 nearly 750,000 jobs across the country and crops of
10 nearly one in three acres are exported overseas. Exports
11 account for nearly 25 percent of total cash receipts in
12 agriculture and 96 percent. This is a major factor -- 96
13 percent of potential customers for U.S. agricultural
14 products do not live here; they live overseas. Next,
15 please.

16 If you look at the overall trend in terms of
17 agricultural exports play in the general overall economy
18 around the country, you're only talking about 11.3
19 percent contribution of exports in the general overall
20 economy, but this is not true in the case of agriculture.
21 In agriculture, 26.4 percent of total agriculture is
22 exported. So I think this is a major factor. We are
23 more reliant in terms of overseas markets in terms of
24 exporting products. This is especially true of the
25

1 states like Florida where you are exporting a lot of high
2 quality products overseas.

3 This plan is not really going to the state. As a
4 matter of fact, because of the slump we have had in
5 recent years, couple of years, we expect the export
6 sector to grow even further. Next, please.

7 If you look at the exports, they reached a high in
8 terms of 1996 but there is a decline. If you move the
9 slide slightly -- I think it's blocking -- to my left,
10 please. With the slump we are experiencing in 1999 we
11 expect that all the projections by the Economic Research
12 Service, as the economies in Asia improve we expect the
13 export trends to grow.

14 The key to expanding markets and increasing our
15 access to customs outside the U.S. is through trade
16 agreements which are good for American agriculture. We
17 would not be at the level we are at today had we not
18 negotiated such a good multi-international agreement as
19 the WTO last Round as well as NAFTA.

20 Trade agreements are -- next slide, please. If you
21 look at the trade contributions some of the commodities
22 play this slide will show you that quantities like
23 almonds, which 71 percent of total production is being
24 exported, some of the problems should be of interest to
25

1 you in this room are grapefruit -- 37 percent is
2 exported. In terms of lemons, 48 percent and oranges 46
3 percent of the total production -- this is based on 1996,
4 the average volume which is exported.

5 Now, if you go to the next slide which will also
6 confirm these things in terms of dollar values. This
7 lists all the commodities which are exported, any
8 quantity which is one billion dollars or more. If you
9 look at vegetable oils, fresh vegetables, they are 1.1
10 billion. Then you have fresh fruit 1.9 billion dollars.
11 Then highest commodity in terms of coarse grain, 5
12 billion dollars, and soybeans to the tune of 6.1 billion
13 dollars.

14 In the slides I'm going to show you it emphasizes
15 the importance of export -- commodities which are
16 exporting and how they are contributing to the national
17 economy. We recognize that although we have many
18 benefits for agriculture from recent trade agreements,
19 the playing field is not level yet and we need to do a
20 lot more. U.S. tariffs, on an average, are much lower
21 than those of our major trading partners. When it comes
22 to subsidies, one of the major trading partners, the EU,
23 outspent the U.S. 20 to 1. We must continue to work in
24 terms of making sure that health and safety measures do
25

1 not act as a disguised protection for some of the
2 countries and are based on sound science.

3 A major part of our strategy to level this playing
4 field will be to be successful and work hard in terms of
5 overcoming those problems we did not resolve in the last
6 Round. The next Round I think is very critical, before
7 we go into the next Round, where we have been -- if I
8 could have the next slide, please.

9 This is another angle which I would like to
10 emphasize here. The correlation between the farm equity
11 and total export. If you look at the red line which
12 shows the growth of exports from 1962 to 1998, this curve
13 is increasing and so is the farm equity. But at the same
14 time in those years the farm exports declined. We have
15 seen a decline and a slump in farm equity. So I think
16 without a doubt, economists will tell you that our future
17 lies in terms of opening more export markets. This is
18 why the next Round will be most important for us to
19 resolve those issues.

20 This slide shows some of the growth in exports and
21 imports. And again, the point I am making, is some of
22 the major events which took place in the agreements we
23 have had on Japan beef and citrus. That shows that it
24 added into the economy about 1.1 billion dollars. The
25

1 total export growth is the green. While imports have
2 also increased, the exports have all displaced the
3 imports, and this is again continuous different -- at the
4 bottom you see different agreements in terms of time line
5 -- the Uruguay Round, NAFTA, Gluten Feed Agreement, as
6 well as the Korean Beef and U.S./Canada Free Trade
7 Agreement. So all of those major agreements have
8 applied.

9 I think another factor there to consider, as we talk
10 about the next Round, is that our exports have done well
11 in those years when, in terms of if you look at the slump
12 scheme when there is appreciating U.S. dollars, in those
13 years where they are depreciating the U.S. dollars we can
14 compete more in terms of using an interline or a steep
15 increase in exports because of the dollar working to our
16 advantage, but it is in those years in terms of the
17 depreciating dollar that you see some of the slumps here.

18 Overall, I think the Uruguay Round has been fair to
19 us. It has already continued to increase U.S.
20 agriculture exports and higher incomes for U.S. farmers
21 who are taking advantage of the U.S. markets in terms of
22 overseas. But the Uruguay Round was just one start. A
23 major part of our strategy to level the playing field for
24 agriculture is to be successful in the upcoming WTO Round
25

1 of negotiations. If I could have the next slide, please.

2 Oh, back up. I'm sorry. I think this is just an
3 explanation of what I was showing in the previous chart.
4 This just captures more in terms of billions of dollars.
5 By the year 2005, if we continue to make the progress,
6 the contribution of Uruguay Round is estimated to be
7 about 5.1 billion dollars. NAFTA overall throughout the
8 country about 2.7 billion. Japan's beef interest, as I
9 said, 1.2 billion. Mexico is in excess of 690 million
10 and Euconn Gluten 670 million. Next.

11 This gives you a pretty good comparison. I think
12 this is where we are seeing a decline because of the
13 Asian economies. You see a slump in the green line in
14 1998 and also the good year production crops across the
15 wall. But then you also see the red line is declining,
16 the dual export to EU countries and for a lot of reasons,
17 as Ambassador Esserman mentioned -- there are policies in
18 terms of not basing their decisions on sound science.

19 But if you look at the exports increase, both NAFTA
20 countries, Canada and Mexico, there has been an increase
21 in these years and the trend is leading in that
22 direction. The same thing is in terms of percentages.
23 This was in absolute dollars in U.S. export and then the
24 next one to your right is the same information, it's just
25

1 converted into percentages and totals.

2 If you look at the goals which we are looking at for
3 the future, we have to really look at what the roles have
4 been. The major highlights of the last Round are
5 captured in the slide in terms of increasing market
6 excess throughout the world in terms of reducing export
7 subsidies which are provided by some of these countries,
8 and especially EUs. Domestic subsidies, sanitary and
9 phytosanitary agreements -- Ambassador Esselman mentioned
10 this -- this was a major accomplishment. If I may add
11 one more is the dispute resolution process which has
12 brought success for us in terms of dealing with those
13 countries which are not basing their decisions on sound
14 science. Next slide, please.

15 This slide will show you the average tariff rates
16 which the WTO -- the role of WTO in terms of reducing the
17 tariffs. Total tariffs WTO around the world at this time
18 are about 50 percent, EU are 20 percent and our tariff
19 rate is the lowest, which is 8 percent. So our goal will
20 be in the future Round, as Ambassador Esserman mentioned,
21 to work in this major area reducing tariffs. Next slide.

22 This is my favorite slide. It shows the Pacman.
23 Again, if you look at the total subsidies in terms of
24 global subsidies, EU is the major source of that -- 83.5
25

1 percent or 7 million dollars. If you look at the small
2 slide which is here, the United States is 122 million.
3 So they are expanding in terms of total on tariff 80 to 1
4 ratio in U.S. and EU. Next slide, please.

5 This is the comparison in terms of just picking a
6 few countries in terms of the domestic subsidies which
7 are provided to agriculture in EU countries in terms of
8 1996 agriculture values. Marketing, you are talking
9 about EU close to more than 40 billion dollars, Japan
10 about 30 billion and we are talking about 6 million the
11 U.S. domestic subsidies. Next slide, please.

12 I'd like to summarize -- this slide essentially
13 summarizes our goal in terms of the future Round where we
14 are talking about negotiating substantial tariff
15 reductions, eliminate export subsidies, tighten rules on
16 domestic support, reform state trading enterprises as
17 they can also affect, in terms of these monopolies and
18 distort in terms of supply and demand and set up
19 practices which are not transparent and then can deny us
20 final access to some of the markets, so we'd like to see
21 expanded access and improve limitation tariff quotas, and
22 finally facilitate trade in new technologies like
23 biotechnology. Next slide.

24 As we prepare for the next Round, I think that what
25

1 we really want to emphasize in closing is that those of
2 you who are most affected by the next Round of trade
3 negotiations, and that's most of you in this room, we
4 would like to hear early on in the game in terms of what
5 are your concerns, what are your suggestions as USDA and
6 USTR work together in terms of getting ready for the next
7 Round.

8 We need your support and suggestions, including any
9 specific proposals you may have for improving our
10 negotiating strategy. You can make your voices heard on
11 this issue by making your views known to the local farm
12 groups who are present here, elected representatives,
13 board, state and federal, and members of the Executive
14 Branch -- some of the members are here this morning, as
15 well as will be available in terms of you can write to.
16 USDA and USTR, both of them have websites which are
17 listed here, and in the handout sheets you received. You
18 can write to Secretary Glickman or Charlene Barshefsky,
19 who is the representative in terms of your suggestions.

20 In all of our activities we want to send a clear
21 message to the rest of the world that agriculture is a
22 top priority for the next Round and we remain fully
23 committed to open markets and exercise in terms of free
24 and fair trade, but we need your support and advice to
25

1 make trade decisions continue to work and these
2 agreements to continue to work for American farmers and
3 U.S. agribusiness.

4 I would like to hear more as we go along, and I
5 think this is the purpose of the second half of this
6 program.

7 In conclusion, I would like to emphasize that U.S.
8 agriculture is already a global economy and we have --
9 are foreseeing a more globalized role for U.S.
10 agriculture in terms of opening up more markets and
11 increasing our share of international trade.

12 To establish the best international rule for U.S.
13 agriculture we must stay engaged in these multilateral
14 and bilateral negotiations and trade agreements. Our
15 next major opportunity, of course, is the next coming
16 Round as we get ready for the November Ministerial
17 meetings.

18 In closing, I would like to thank you all this
19 morning for coming here and for allowing us to make this
20 presentation, and for allowing us to hear your
21 suggestions and adding any suggestions and information
22 that you would like to suggest to us this morning. Thank
23 you.

24 (Applause.)

25

1 MR. CRAWFORD: Kevin, before we get cranked up, Marc
2 wanted to make a comment on this.

3 MR. BAAS: Thank you, Commissioner Crawford. I just
4 want to spend one minute to answer a question that some
5 of you might have -- in fact, a question that was asked
6 of me last night -- why is the State Department here.
7 What are we doing in this trade Listening Session? The
8 answer is actually very simple and I hope understandable.

9 We are here because we follow foreign policy, and
10 trade policy is a very important part of our foreign
11 policy. It affects our overall relations with 150
12 countries that are independent countries around the
13 world. So we are here to hear what you have to say so
14 that we can, in fact, better serve you overseas.

15 We have embassies in about 150 countries. Our
16 embassies are there to promote U.S. interests, to promote
17 U.S. trade policy among those interests. We are also
18 there, frankly, to find out what the concerns are of
19 foreign countries so that when we are entering into
20 negotiations we will know that if we want to get citrus
21 into Country X as our top priority, we may have to
22 consider what their interest is if they want us to, you
23 know, let widgets into the United States, or whatever the
24 issue is. So that is what we are doing here.

25

1 We want to hear from you. Yes, we listen to
2 foreigners, but our first constituency is right out
3 there. Thank you very much.

4 (Applause.)

5 MR. KELLY: My name is Kevin Kelly. I'm Director of
6 Florida for Farm Service Agency of USDA. My job is to
7 moderate this session and to keep it moving. We have
8 leaders, we have them here today that are second to none
9 as far as agriculture. I'd put them up against any in
10 the world. We have a good number of them, as you all can
11 see. We're going to try to stay on schedule. I will
12 report that this panel up here has stayed on schedule.
13 We're going to try to continue that.

14 I recognize that when you have an allotted amount of
15 time it's very difficult to stay exactly on that. We
16 understand that, but we would hope that you would respect
17 each and every one that gets up here and wants to speak.
18 This morning we've got a schedule that is set up and then
19 this afternoon we will give others the opportunity to
20 present some comments after lunch. We're going to start
21 out with a great friend of agriculture and a great friend
22 of mine, and the best way that I can introduce her is a
23 consistent global supporter of Florida agriculture.
24 Would you please join me in welcoming and receiving The
25

1 Honorable Karen Thurman.

2 (Applause.)

3 MS. THURMAN: I, too, will try to keep this very
4 short. Fortunately I will have an opportunity to talk to
5 these folks at Washington, as well, but I felt like as a
6 representative of Florida that it was important that you
7 understood, as a Congressional delegation, how important
8 we feel agriculture is to this state and certainly as we
9 go into these Rounds.

10 Ambassador, you know, and to the folks out there
11 that may have not seen your work, I know how many times
12 you have had to appear before the Ways and Means
13 Committee on these particular issues and to answer some
14 very tough questions, and you have been very faithful in
15 making sure that all of our voices are heard. So we are
16 very pleased that you are here. It will bring a
17 perspective, I think for you as we enter into these
18 agreements and before the committee as we're trying to
19 write some of these bills -- that you'll have a
20 perspective of Florida agriculture, so we're very pleased
21 that you are here.

22 Dr. Siddiqui, we are equally as pleased that you are
23 here. This is not the first time that you have travelled
24 to Florida. I am just pleased that finally somebody at
25

1 USDA is recognizing that we are a different agricultural
2 community than we are in the western part of the United
3 States, and I did notice who was getting the most exports
4 out there from your slides -- so it is very pleasing that
5 you are here to understand our issues, as well. We
6 appreciate that.

7 Mr. Baas, I have travelled and had the opportunity
8 to work with the State departments and you are exactly
9 right. You have given us the leadership as far as
10 Americans in these different countries. Certainly, your
11 Department has been the one who has allowed us to set up
12 the meetings with those people in those countries and
13 producers, as well as the knowledge that is presented by
14 the folks over there on these issues both so that we
15 understand what we're dealing with, as well as what to
16 expect or they might expect from us.

17 Commissioner, you and I are just long-time friends.
18 You've been so good for Florida agriculture and what you
19 have done in the leadership in some very difficult times
20 as we've entered into some of these agreements. This has
21 not been an easy time for Florida agriculture, and your
22 leadership has certainly been appreciated from all
23 corners of Florida agriculture. So we're glad you're
24 still the Commissioner and working hard for everybody.
25

1 I do want to start though by saying that I do know
2 that as we go into November, and I hope and I know that
3 the Ways and Means Committee will be there -- Mr. Crane
4 has already talked about making sure that that delegation
5 is going there. But I'd like to start off by saying, you
6 know, that we do appreciate the singular attention that
7 the trade representative and the Secretary of Agriculture
8 afforded Florida agriculture by giving us our own
9 Listening Session.

10 We hope that today's session is productive in a
11 couple of ways. One, that it establishes a meaningful
12 relationship between Florida agriculture and its
13 consumers and our negotiators, and secondly that it
14 provides you, as our negotiators, with the information
15 you need to increase Florida agriculture's market share
16 both at home and abroad.

17 For all of the market access that GATT and NAFTA
18 afforded some commodities and industries, many sectors of
19 Florida agriculture suffered what we believe is
20 irreparable harm. The most well-known of these sectors,
21 as you've mentioned, is the Florida tomato industry which
22 grapples constantly with dumping from Mexico. However,
23 the impact on our winter vegetables that Florida grows
24 has been equally devastating. So we look to
25

1 opportunities in Seattle. My message will be very simple
2 at this time and this is it. Florida agriculture must
3 get at least as much as it gives.

4 The specialty crops which Florida produces require
5 and deserve a non-cookie cutter approach at the WTO.
6 Tariff reduction should be taken not by formula but by
7 requested offer. Exemptions from tariff reductions for
8 highly import-sensitive products should be secured.
9 Additionally, a price-based safeguard mechanism rather
10 than the agricultural safeguard contained in the Uruguay
11 Round must be negotiated in order for perishable import-
12 sensitive crops to survive.

13 Until Section 201/202 takes seasonal and perishable
14 ag products into account, we believe Florida's industry
15 will remain dangerously vulnerable to dumping economies
16 which enjoy the advantage of lower laborers, child labor,
17 and a broader array of chemical tools for those trading
18 partners who highly subsidize, as also recognized by what
19 slides that were just shown. We do have a lot of other
20 friends out there that are subsidizing their exports or
21 producing their commodities as state enterprises, and we
22 would match but not exceed their efforts to reduce market
23 distortions.

24 By the end of this month I will also be introducing
25

1 two pieces of legislation that we've been working on
2 aimed at addressing a few of the issues you will hear
3 about today. The first will establish a reciprocal
4 country of origin labelling for the fresh fruit and
5 vegetable imports of our trading partners requiring such
6 labelling of U.S. exports. We think that is extremely
7 important.

8 Secondly, during the briefings you have provided
9 members of the Ways and Means Committee we have
10 frequently discussed the small and not so small SPS
11 barriers to trade. While 10 and 20 million may seem
12 insignificant in comparison to say the cases of steel or
13 hormone treated beef, it is big money to many of our
14 producers and clearly the United States can not afford to
15 take each and every SPS case to the WTO. I intend to
16 introduce a mechanism to allow our government to become
17 effective in addressing bogus SPS barriers to trade and
18 foreign markets.

19 In closing, this has already been mentioned but I
20 think it needs to be recognized again. We do want to
21 congratulate our negotiators for the market access
22 commitments they recently received from China for citrus.
23 I plan to review closely today presentations so that I
24 too can learn about other legislative tools that could be
25

1 brought to bear on behalf of our agriculture community.

2 Again, we thank you so much for doing this.

3 Commissioner, we thank you for putting this all together.

4 Thank you very much.

5 (Applause.)

6 MR. KELLY: Thank you. Now we'll have Mr. Carl
7 Loop, President of the Florida Farm Bureau and Vice-
8 President of American Farm Bureau.

9 MR. LOOP: Ambassador Esselman, Dr. Siddiqui, Mr.
10 Baas, it's great to have you all in Florida. Good
11 morning. I am Carl Loop. I am President of Florida Farm
12 Bureau, also the Vice-President of American Farm Bureau.
13 Florida Farm Bureau is a statewide general farm
14 organization that represents farmers in every county of
15 Florida. Our members produce every commodity grown in
16 Florida and are vitally concerned with the trade policy
17 and its impact on them.

18 We certainly appreciate USTR and USDA for making the
19 effort and taking the time to be here today and hear our
20 industry's thoughts and concerns regarding trade.

21 First, I'd like to give you a little historical
22 background on agriculture in Florida. We are more than
23 sunshine and beaches and theme parks. Our state has
24 approximately 15 million citizens and an additional 30
25

1 plus visitors every year, yet our agricultural economy is
2 second only to tourism as an economic engine for our
3 state.

4 This economic engine covers 240 various commodities
5 with an economic impact of 6 billion dollars at the farm
6 with almost a billion dollars paid to more than 91,000
7 farm employees. We enjoy an agricultural base of fresh
8 and value added productions. We are proud that Florida
9 ranked 9th in value of agricultural products sold in the
10 1997 year.

11 Eight of our counties are in the top 100
12 agricultural counties nationally, with Palm Beach County
13 being number 11. All 8 of these counties are in the top
14 100 because of their production of import-sensitive
15 crops, mainly sugar, vegetables and citrus.

16 It is also interesting to look at government
17 payments to farmers. Florida is not in the top 20 states
18 nor do any farm counties rank in the top 100 counties
19 receiving government payments. This demonstrates that
20 there are significant differences within the agricultural
21 industry and that there is little, if any, opportunity or
22 ability to correct public policy impacts on import-
23 sensitive crops through government payments.

24 For this reason, agriculture needs the opportunity
25

1 to negotiate specific treatment for specific problems
2 rather than a one-size-fits-all. Florida agriculture
3 urges that the request offer process be used as part of
4 the upcoming negotiations.

5 In the case of Florida producers of fresh fruit and
6 vegetables, there have been self-imposed market
7 development costs for the domestic market. These self-
8 imposed costs have not only developed the domestic market
9 for our producers but have made that market attractive to
10 foreign producers. Our government should fight to keep
11 Florida producers in the domestic market just as surely
12 as we fight to keep our domestic producers in foreign
13 markets that we have developed. A market is a market and
14 our domestic markets should not be sacrificed to gain
15 foreign markets.

16 As we look at the cost of production and the
17 comparative advantage of producers and production, we ask
18 that the cost of regulation be considered including labor
19 and environment. One estimate has been that a third of a
20 farmer's cost is a result of regulatory programs. In the
21 past, commitments were made but have not been lived up to
22 in either federal or foreign policies or in trade
23 agreements.

24 We continue to ask that an equitable dispute
25

1 resolution process be established for perishable
2 agricultural products. This process should consider
3 seasonality, pricing, cost of production, import surges,
4 with targets or triggers established through historical
5 market access that would automatically begin a U.S.
6 investigation.

7 Another area that must be addressed is the
8 assumption that the least cost food producer will pass
9 these savings on to consumers. This is a fallacy. The
10 University of Florida just completed a study that showed
11 that consumers paid more for imported fruits and
12 vegetables than for domestic grown. We have watched
13 NAFTA and the ensuing Mexico peso devaluation, the
14 economic collapse in Asia and other financial internal
15 policies impact with many of our trading partners. It
16 appears to our members that there should be safeguards
17 from an internal policy decision shift and distort trade.

18 Florida truly is a magnet for tourism and trade. We
19 ask that sanitary and phytosanitary standards, SPS, not
20 be sacrificed on the altar of market access. Sound
21 science must be used and this way market access can be
22 assured without the threat of new and invasive pests and
23 the cost of eradication.

24 Government agencies need more resources focused on
25

1 our borders as trade increases. Unfortunately, we
2 continue to see trading partners that gain access to our
3 markets but through false SPS complaints keep our
4 products from their markets.

5 As we look at a new Round of trade negotiations we
6 ask that all negotiations conclude together and that a
7 set time be established at the conclusion of these
8 negotiations, like the year 2002. A certain time frame
9 will allow the industry to be more involved in keeping
10 the process from dragging out for a long period of time.
11 In an effort to expedite the process, we urge that our
12 tariff schedules agreed to in the last Round be
13 maintained and not subject to new negotiations. We also
14 urge that before any more ratcheting down of tariffs
15 occur, our trading partners shall equalize their tariffs
16 with ours.

17 We urge the negotiators to work to ensure market
18 access for biotechnology products produced from
19 genetically modified organisms. We must impose
20 discipline on state trading enterprises that distort the
21 flow of trade in world markets.

22 In summary, trade is a two-way street. We don't
23 need to sacrifice our domestic market to gain access to
24 foreign markets. Our producers need effective, dispute
25

1 resolution processes with import-sensitive crops when the
2 regulatory cost is considered. Our producers can be
3 competitive. As we talk about market development there
4 is a need to recognize that the domestic market is one
5 that has been developed by domestic brokers and they need
6 continued access to that market. Our priority goal at
7 the Seattle Round should be to identify a way to enforce
8 compliance with existing agreements before moving to new
9 commitments.

10 I appreciate the opportunity to be here. We're glad
11 to have you in Florida. Commissioner, we appreciate all
12 of your leadership and help in bringing this to Florida
13 and all the other things you do for Florida agriculture.
14 Thank you.

15 (Applause.)

16 MR. KELLY: Thank you, Mr. Loop. We will now
17 continue with Andy LaVigne, Florida Citrus Mutual.

18 MR. LaVIGNE: Thank you, Kevin. Good morning.
19 Ambassador Esserman, Dr. Siddiqui, Mr. Baas, Commissioner
20 Crawford, I'm Andy LaVigne, Executive Vice-President and
21 CEO of Florida Citrus Mutual, a voluntary cooperative
22 association with membership consisting of more than
23 11,500 Florida growers of citrus for processing and fresh
24 consumption.
25

1 Mutual represents more than 90 percent of Florida
2 citrus growers and 80 percent of the U.S. growers of
3 citrus for processing into processed citrus products. I
4 am before you today on behalf of the members of the
5 Florida citrus industry, Florida Citrus Mutual, and other
6 associations that extend their appreciation for the
7 opportunity to offer these comments to you today. Those
8 groups are the Gulf Citrus Growers Association, Highlands
9 County Citrus Growers Association, Indian River Citrus
10 League, Peace River Valley Citrus Growers, Florida Citrus
11 Packers, Florida Citrus Processors, and the Florida
12 Department of Citrus.

13 We are heartened by the efforts of the U.S. trade
14 representative, the U.S. Department of Agriculture, and
15 the other agencies of the Administration to reach out to
16 the growers, processors and affected members of the
17 growers U.S. industries whose health, and perhaps whose
18 very existence, depends upon the positions taken and
19 agreements reached by the United States in any
20 multilateral or regional trade negotiations.

21 It is important for the Administration to hear
22 firsthand from the farmers who have their lives invested
23 in the land, many of whom have owned the land for several
24 generations. By coming here to our home to listen to the
25

1 concerns of the Florida agriculture industry, you will be
2 better prepared to face the challenges of the next Round
3 of the multilateral negotiations and to understand the
4 challenges we face competing in the world marketplace.

5 While Mutual applauds the general objectives of the
6 balance and comprehensiveness of the WTO negotiations, we
7 strongly oppose the negotiations of any further tariff
8 reductions on citrus or process-to-citrus product
9 reductions or eliminations. Thus, it is essential that
10 any multilateral or bilateral discussions on tariff
11 reductions be undertaken on a request offer basis rather
12 than formula driven or other comprehensive approach. In
13 a word, any trade agreements which further reduce U.S.
14 tariffs on orange juice and/or fresh citrus imported from
15 Brazil beyond the level found in the Uruguay Round will
16 not only contravene assurances made by the U.S. trade
17 representative during the North American Free Trade
18 Agreement negotiations, but will also spell the end of
19 the U.S. industry producing citrus for processing and
20 fresh consumption.

21 The Brazilian citrus industry is the world's largest
22 by a significant margin. It has made no secret of its
23 need to expand the market share in the world's most
24 lucrative market, that of the United States in order to
25

1 provide an outlet for their local planting and
2 overproduction which has been characterized most in the
3 past two decades. In fact, the U.S. International Trade
4 Commission recently determined that revocation of an
5 anti-dumping order on frozen concentrated orange juice
6 from Brazil would be likely to result in material injury
7 to domestic growers, thus voting to leave the anti-
8 dumping order in effect.

9 While the U.S. industry has worked with the all the
10 administrations in the past on numerous trade liberal-
11 izing measures affecting citrus, the Caribbean Basin
12 Initiative, the U.S./Israel Free Trade Agreement, and
13 even the North American Free Trade Agreement deferenced
14 by the U.S. industry in this instance to the apparent
15 Brazilian priorities will be tantamount to suicide.

16 The U.S. citrus industry can not support any free
17 trade negotiation which does not provide clear-cut
18 protection for the highly import-sensitive citrus
19 industry. Events in the world citrus markets during the
20 past two decades illustrate the challenges posed to the
21 U.S. growers in the dominant Brazilian citrus industry.
22 While orange production is grown in both the U.S. and in
23 Brazil, the tremendous growth in Sao Paulo has far
24 outpaced that in Florida. Orange productions in Sao
25

1 Paulo have grown at an annual average rate of 5 percent
2 since the early 1980s, reaching a record 420 million
3 boxes in the marketing year '97-'98. In that year Brazil
4 produced 53 percent of the world's orange juice. The
5 United States produced 40 percent.

6 However, in that same year Brazil consumed only 1
7 percent of its production locally while exporting 90
8 percent primarily to the European Union and the United
9 States. The United States, on the other hand, exported
10 only 10 percent of its orange juice production while
11 consuming the rest domestically.

12 The dominance of the Brazilian orange juice --
13 excuse me -- the dominance of Brazilian orange juice in
14 the foreign markets has enabled the Brazilian industry to
15 gain tremendous influence over global orange juice
16 supplies and prices, world orange juice production and
17 inventory through 20 percent and 59 percent respectively
18 between the marketing year '93-'94 and the marketing year
19 '97-'98. The rapid growth in inventories is indicative
20 of a severe supply problem which has caused both the
21 Brazilian and commodity futures prices for frozen
22 concentrated orange juice to decline dramatically during
23 the past decade in tandem with the Brazilian expansion.

24 Commodities futures prices are considered one of the
25

1 most accurate indicators of U.S. prices for frozen
2 concentrated orange juice which has and will continue to
3 have a direct impact on the price of U.S. processing
4 oranges. Between the marketing year '88-'89 and
5 marketing year '97-'98 the on-tree price of processing
6 oranges in Florida plummeted in response to falling
7 orange juice prices with grave repercussions to U.S.
8 citrus growers.

9 The low on-tree prices have increasingly cut into
10 grower's returns, placing them in an extremely tenuous
11 position. This is especially true for growers in the
12 southwest Florida area that produce mainly early and mid-
13 season orange varieties.

14 Unlike annual crops, a citrus tree has a life of
15 approximately 25 years with grower's investment,
16 depreciation and financial decisions made accordingly.
17 Both the Brazilian and the Florida growers -- for both
18 the Brazilian and the Florida growers the commencement of
19 the citrus production is not a decision which can be
20 reversed or modified easily in response to world supplies
21 and prices.

22 Brazil has already been found by the United States
23 to have engaged in both sales of less than fair value
24 prices and receipt of available subsidies. An anti-
25

1 dumping order remains in effect on frozen concentrated
2 orange juice from Brazil. In response to Petitioner's
3 allegation of sales below cost production during the '97-
4 '98 administrative review of the anti-dumping order of
5 frozen concentrated orange juice from Brazil, the U.S.
6 Department of Commerce recently issued a preliminary
7 dumping margin of 62.5 percent to the four companies
8 covered by the review and for the exporters not
9 previously reviewed.

10 In addition, in the recent expedited 5-year sunset
11 review of FCOJ anti-dumping on frozen concentrated orange
12 juice from Brazil, Congress found that dumping would
13 likely continue or recur if the dumping order were
14 revoked. Thus, the anti-dumping order on FCOJ will
15 remain in effect.

16 The lifeblood of the multi-billion dollar
17 agriculture industry in Florida -- tomatoes, citrus,
18 vegetables -- is found in the equalizing import tariff
19 imposed on products from countries like Brazil which do
20 not incur the environmental, worker safety, water,
21 welfare, tax and other government-related costs which
22 Florida growers must bear. In addition, the Brazilian
23 horticultural industry is not subject to the same child
24 labor laws and other labor standards that exist in the
25

1 United States.

2 Furthermore, that tariff alone does not account for
3 the unfair advantages enjoyed by some foreign producers
4 who have engaged in dumping or received subsidies in past
5 years that put Florida at a marked disadvantage for many
6 years into the future.

7 In an ideal free market and world economy, natural
8 advantages would outweigh arguments for tariff
9 protection, but the Florida agricultural sector in
10 general can not close its eyes to the reality that
11 eventual elimination of the tariff on Brazilian citrus
12 would be a death sentence to the U.S. citrus industry and
13 devastating to the economy of Florida.

14 Aside from the impact of unrestrained free trade in
15 the U.S. citrus industry, the most highly touted benefit
16 of free trade agreements, which is lower prices to
17 consumers, would not be realized in the case of processed
18 citrus products. Increasingly, the price of retail
19 orange juice products has not threatened the declining of
20 wholesale or future prices of FCOJ, which has led to a
21 buildup of Florida stocks.

22 It is fair to assume that the original demise of
23 Florida industry, should the next Round of the WTO
24 negotiations reduce or eliminate the U.S. citrus tariffs,
25

1 is not likely to yield direct benefits to consumers but
2 only cost savings to reproprocessors. If anything the
3 Brazilian industry, which is already highly concentrated,
4 given 80 percent of the production is held by four
5 companies, will lose competitive restraint on prices and
6 the U.S. consumer will suffer the consequences.

7 In conclusion, Florida Citrus Mutual submits that
8 before any new WTO negotiations commence, sufficient
9 limitations must be incorporated into the authorizing
10 legislation including an agreement to proceed only on a
11 request offer negotiating basis to ensure that citrus and
12 similarly situated agricultural industries are not
13 subjected to any tariff cuts beyond what was committed to
14 under the Uruguay Round.

15 U.S. citrus growers can not be expected to suffer
16 any tariff cuts benefiting the largest producer in the
17 world when their unique conditions of trade, and indeed
18 their very existence, is completely debt dependent on the
19 maintenance of protective equalizing tariffs. Also, the
20 importance of maintaining a stabilizing anti-dumping
21 order on FCOJ can not be overstated. U.S. citrus growers
22 have worked with the U.S. trade representative in the
23 past trade agreements in exchange for assurances that
24 they would not be forced to concede to any future trade
25

1 agreements, particularly those which Brazil is a part of.

2 The Florida citrus industry has other areas of
3 concern as the Administration moves forward with the WTO
4 negotiations, such as retention of strong science based
5 SPS standards, the impact of government relations on
6 trade equity, and as Mr. Loop just mentioned, pest and
7 disease and eradication is a major concern to this state
8 and the industry. But you will hear these concerns from
9 all counterparts in the Florida agricultural community
10 commenting here today.

11 However, we feel so strongly about retaining the
12 current tariff on orange juice and/or fresh citrus
13 products from Brazil that we have focused our comments
14 expressed in this area. Florida Citrus Mutual
15 respectfully requests the U.S. WTO negotiators carefully
16 consider and fully acknowledge the seriousness of this
17 issue and the great economic stakes involved to Florida
18 citrus growers, the upstream suppliers, and the entire
19 economy of central and south Florida.

20 Madam Ambassador, Dr. Siddiqui, Mr. Baas,
21 Commissioner Crawford, we thank you for providing this
22 opportunity to allow Florida's agriculture industry to
23 express its concerns and comments regarding the upcoming
24 WTO negotiations. As I know you are aware, I am also
25

1 joined today by Florida Citrus Mutual's trade consultant
2 Bobby McCallum, who has been intimately involved in these
3 issues for many years. Should some questions arise I can
4 always defer to him -- pass the buck. I'll be pleased to
5 respond to any questions that you have. Again, thank you
6 for allowing Florida to be the host of the first session
7 -- the first Round of the Listening Sessions. Thank you.

8 (Applause.)

9 MR. KELLY: Mr. Mike Sparks from the Florida
10 Department of Citrus.

11 MR. SPARKS: Good morning. My name is Mike Sparks
12 and I'm the Deputy Executive Director of the Florida
13 Department of Citrus. We're headquartered in Lakeland.
14 Our Board of Directors is the Florida Citrus Commission.
15 We're a state agency. Our job primarily is to market
16 Florida citrus, and work for the welfare of the Florida
17 citrus grower. We do some research and some regulatory
18 activities, but 85 percent of our dollars spent every
19 year is to develop the marketing programs for the Florida
20 citrus growers.

21 Our advertising efforts are domestically as well as
22 internationally, and of course our international
23 programs, as well as international trade, are of serious
24 concern to our activities and our programs. Certainly,
25

1 the last 20 years our international trade has been
2 increasingly important not only to the marketing programs
3 to the citrus industry -- it coincides with the increased
4 size of our crops. Certainly in the '80s and the '90s
5 the citrus industry has recovered from some devastating
6 freezes, and now nearly 900,000 acres in the state of
7 Florida are dedicated to citrus. With current
8 agricultural techniques, with the replanting, we expect
9 to have bumper crops, record-setting crops, now and in
10 the immediate future.

11 In total, our activity in the citrus to the state of
12 Florida, our total economic activity, approximates 8
13 billion dollars and the citrus industry employs over
14 100,000 Floridians.

15 The Department of Citrus and the citrus industry has
16 developed some extremely important partnerships with the
17 United States Department of Agriculture and USTR as they
18 try to foster the development of new, lucrative export
19 markets. Our activity with USDA and the MAP program
20 helps us further advance our marketing programs of which
21 we have welcomed the opportunity to work together. And
22 certainly new markets such as China are very -- we're
23 very optimistic in some of the areas there to help
24 increase our exports.
25

1 But as important as those international markets are,
2 we just simply can not ignore, simply can not recommend,
3 trading away the existing tariffs on FCOJ. Let's talk --
4 let me share with you in just a second a supplement to
5 Mr. Andy LaVigne's thoughts on the cost of Brazilian and
6 Florida product, as well as some of the investments that
7 the citrus grower has already made.

8 Our research, and it is supported by the University
9 of Florida, shows currently not unlike the past data that
10 the cost to grow -- the growing cost in Brazil
11 approximate 48 cents per pound solid. That includes pick
12 and haul, capital cost and the citrocultural costs.
13 Compared to Florida, 76 cents or nearly 30 cents greater
14 per pound solids to grow and produce our Florida citrus.

15 The significant difference in the cost between our
16 growers and Brazilian growers is certainly the higher
17 environmental and labor costs faced by our growers in the
18 state of Florida. In fact, this year alone labor was
19 difficult and when we could get labor to harvest our
20 crops we estimate that it was an additional 54 million
21 dollars this year alone to harvest this year's crop.

22 To compact the difference, Florida relies on the
23 quality of our products as well as our domestic tariff
24 established on FCOJ to keep our growers in business. Any
25

1 reductions to the current FCOJ tariff would have the
2 world's single largest market, the United States, be
3 flooded by competition from above. If you look at the
4 U.S. market, currently the average per capita consumption
5 in the United States of orange juice is nearly 6 gallons
6 per every man, woman and child. If you look at other
7 countries around the world, United Kingdom half of that,
8 3 gallons. It drops down of course, Japan, Spain, not
9 quite 1 gallon per year.

10 There are two reasons there's a marketable
11 difference in per capita consumption in the United States
12 as compared to other countries. Certainly, the economic
13 power of the American consumer, but second, the
14 investment of the Florida citrus grower. Our citrus
15 forefathers and our current Commissioner continues to
16 provide commodity advertising to support Florida orange
17 juice and Florida fresh citrus.

18 If you look at the increase in consumption decade by
19 decade, we believe our advertising programs, as well as
20 the brand advertising programs, help increase the
21 consumption of Florida OJ.

22 Florida growers have invested in the past -- since
23 1935 since the Florida Department of Citrus was
24 incorporated, Florida citrus growers have invested 1.2
25

1 billion dollars in marketing programs only to grow the
2 U.S. market. They deserve a great deal of credit for
3 having the focus to make such a dramatic investment, yet
4 the 1.2 billion dollars that the growers have paid since
5 1935 is only a small part of the industry's overall
6 investment.

7 Investments in processing plants, fresh fruit
8 packing houses, infrastructures, brand advertising, all
9 support our current total economic industry of 8 billion
10 dollars. All were developed with the understanding that
11 there was the federally mandated tariff on FCOJ. That
12 gave us the assurance to develop not only the U.S.
13 market, but of course fair international trade.

14 We have a paper that we would like to leave behind.
15 But certainly, as a closing statement it is the belief of
16 the Department of Citrus and the Florida Citrus
17 Commission that our growers deserve fair consideration of
18 our Federal Government that any future trade negotiations
19 be limited -- no tariff reductions and the limitations
20 not go beyond those already committed in the European
21 trade events.

22 Certainly, on behalf of the Florida Department of
23 Citrus and the Citrus Commission I want to thank you for
24 your attendance and certainly for the opportunity to
25

1 share some of the concerns that we have.

2 (Applause.)

3 MR. KELLY: Next we have Mr. Ron Hamil. Then Mike
4 Stuart after Ron Hamil.

5 MR. HAMIL: Thank you. For the record, my name is
6 Ron Hamil and I'm Executive Vice-President of the Gulf
7 Citrus Growers Association. As you heard Andy LaVigne
8 mention, we are in southwest Florida and we are probably
9 amongst the most vulnerable to any changes that could be
10 made regarding the trade policy and further reduction of
11 the tariff.

12 I represent about 180 citrus growers and about
13 150,000 acres of citrus there in southwest Florida. On
14 behalf of those growers, we certainly echo our colleagues
15 and commend Mr. Crawford for hosting this session and
16 appreciate you all from the US Trade Office, Ambassador
17 Esserman and Issi Siddiqui for being here, and also the
18 representative from the State Department.

19 Growers in southwest Florida represent Florida's
20 southernmost citrus. We produce about 22 percent of the
21 current crop here in Florida. We're a 5-county region
22 and we account for about a billion dollar economic impact
23 to southwest Florida. Hendry County, which is kind of
24 the heart of our citrus industry in the southwest, has
25

1 more citrus and more orange trees than any other county
2 in the state of Florida.

3 As I think Mr. Sparks mentioned, the industry is
4 recovering from freezes, and much of that movement has
5 occurred in southwest Florida. Many of the growers have
6 moved south and joined some of the area's pioneers and
7 planted new citrus groves. These new plants obviously
8 take a lot of capital to put in. I will say that our
9 members employ the latest technology, including advanced
10 water conservative low volume irrigation and on-site
11 retention areas to produce citrus. In addition, our
12 groves are managed using the most progressive, state-of-
13 the-art cultivating practices and in accordance with the
14 volumes and realms of rules and regulations required by
15 our county, state and federal laws.

16 Between 85 and 88 percent of our crop are processed
17 oranges that go into juice and compete head-to-head with
18 Brazil, Mexico and other citrus-producing countries.
19 They are competing and vying in the U.S. market, a market
20 which we feel Florida growers helped to create, and as
21 Mr. Sparks said, have invested billions of dollars of
22 their own money in building.

23 While our primary market here is in the U.S. with
24 its high consumption of orange juice, due to these
25

1 investments our competitors, including the world's
2 largest citrus juice producer, Brazil, primarily grows
3 for export and for export into the U.S. They are
4 attempting again to negotiate reduced tariffs. I can say
5 unequivocally that any reduction in that tariff would
6 have a devastating impact on our industry here in
7 southwest Florida.

8 While Gulf Citrus supports the concept of fair
9 trade, we feel that any further tariff reduction on
10 citrus and citrus products particularly from Brazil
11 beyond those already negotiated would be totally unfair
12 to our growers.

13 I'd like to ask a question of what is fair. Is it
14 fair that our Florida citrus growers are required to meet
15 increasingly stringent local, state and federal rules and
16 regulations related to water and the environment and our
17 world competitors are not? Is it fair that our citrus
18 growers are faced with state and federal laws related to
19 wages, health care and welfare for its farm workers and
20 our competitors, including the world's biggest orange
21 producer, Brazil, are not? And is it fair that although
22 in previously negotiated trade agreements that the U.S.
23 has opened its markets and doors to foreign produce and
24 citrus, and to our knowledge not the first shipment of
25

1 Florida citrus has been allowed in a country such as
2 Mexico?

3 In our grower's mind the answer to these questions
4 on international trade do not translate to fair trade to
5 our growers. We feel U.S. trade policies should not
6 continue to adversely affect domestic producers who face
7 ever-increasing volumes of regulations as well as global
8 competition.

9 We feel that although the current import tariff on
10 products from countries which do not incur the same
11 environmental, water, welfare and tax vouchers as Florida
12 growers does not totally come from the increased costs of
13 producing our citrus over our competitors from offshore,
14 it does serve as somewhat an equalizing factor and it
15 must be maintained in its present form.

16 Any further reductions beyond those made in the
17 Uruguay Round would certainly spell disaster for citrus
18 growers in the Gulf region. Devastation to our industry
19 in southwest Florida would certainly have tremendous
20 economic disaster on our local world communities -- our
21 people, our other allied industries.

22 So again, on behalf of Gulf Citrus, we sincerely
23 appreciate you all beginning these first Rounds here in
24 Florida. This is a big step forward. Commissioner, we
25

1 commend you on that and we certainly do appreciate you
2 all being here and look forward to working with you on
3 this next Round. Thank you.

4 (Applause.)

5 MR. KELLY: Mike Stuart followed by Mr. Pete
6 Harllee.

7 MR. STUART: Good morning. My name is Mike Stuart.
8 I'm the President of Florida Fruit and Vegetable
9 Organization. We're an organization that represents
10 growers and shippers of fresh vegetables, citrus,
11 tropical fruit, sugarcane and a whole variety of other
12 products here in the state. We, too, would like to
13 extend our thanks and appreciation to all of you for
14 coming here today and spending time with Florida
15 agriculture. I think it hopefully will be time well
16 spent. I particularly want to thank Commissioner
17 Crawford and his staff for all the hard work that I know
18 went into putting this whole event together. So thank
19 you very much.

20 I'm going to try to keep my words relatively short
21 here this morning. Hopefully we'll have an opportunity
22 here shortly to here from producers, processors,
23 marketers, suppliers and others whose livelihoods are at
24 stake currently with the future of Florida agriculture.
25

1 We hope you'll take those comments into consideration,
2 listen to them closely and particularly as we move
3 towards the new Round of talks at the WTO.

4 To put it simply, our growers are wary of trade
5 agreements with countries whose producers enjoy a
6 competitive advantage in the marketplace, not necessarily
7 because they have better technology or have better
8 marketing practices. They don't. They enjoy that
9 competitive advantage because they have a distinct
10 advantage in terms of less restrictive regulatory and
11 legislative environments.

12 In our experience, I think since the implementation
13 of the Uruguay Round and particularly the North American
14 Free Trade Agreement, would suggest that those fears were
15 well-founded.

16 As we move towards another Round of the WTO
17 multilateral trade negotiations, as well as the Free
18 Trade Area of the Americas initiative, growers are
19 understandably concerned. They are concerned that the
20 results of these initiatives will be the further erosion
21 of market share here in our own domestic marketplace.

22 We are also concerned that there will be a continued
23 lack of progress in opening up export markets. The
24 bottom line is, we are concerned about losing domestic
25

1 market share faster than we're losing our ability to
2 develop export markets.

3 If these trends are not reversed, the future of
4 Florida agriculture is very much in doubt. During the
5 negotiations leading up to both the Uruguay Round and the
6 NAFTA, the fruit and vegetable industry was assured that
7 provisions would be in place to protect the industry.
8 Yet, despite those assurances and commitments, the
9 industry has suffered.

10 Many of the safeguard measures, in particular, have
11 failed to function as envisioned. Before we launch into
12 another Round of WTO talks, the United States should
13 address and correct the failures of the previous
14 agreements. Once that is accomplished, we then should
15 press for WTO reforms that adequately address the
16 concerns of both import-sensitive and export-oriented
17 U.S. agricultural sectors.

18 Moving forward we recommend the following. Many of
19 these things will be echoed in more detail, I am sure, by
20 other speakers here today. We've provided greater detail
21 in the written comments that we've submitted for the
22 record.

23 In the area of tariff reductions, FFDA supports a
24 requested offer approach, not the formula approach used
25

1 in the Uruguay Round negotiations. We also urge that
2 tariffs for the most highly sensitive U.S. agricultural
3 products such as Florida winter vegetables and citrus not
4 be reduced below the levels agreed to in the Uruguay
5 Round.

6 Safeguard provisions are needed for import-sensitive
7 fruit and vegetable products. The changes here also need
8 to be made in the U.S. trade laws so that the unique
9 nature of its perishable and seasonable production in the
10 U.S. is taken into account.

11 A mechanism is needed to cushion the effects of
12 currency devaluation on market access concessions. Given
13 the recent economic crises in both Asia and Latin
14 America, currency devaluation and its effects on trade
15 simply can not be ignored.

16 Finally, we must insist that science be the driving
17 force in the debate over sanitary and phytosanitary
18 measures. At the same time, the U.S. must ensure that
19 there are sound scientific concerns about the potential
20 risk of the introduction of plant, animal, pest and
21 diseases. Sufficient resources must be allocated to
22 protect American agriculture.

23 As we move forward, it is important that we all
24 remember that trade is about more than just tariffs.
25

1 There's a high price for the quality of life and standard
2 of living we have here in our country. In competing in
3 the global marketplace our growers are paying that price
4 and in many cases our competitors are not.

5 We look forward to working closely with all of you
6 as this process unfolds. Using the trade vernacular at
7 the end of the day, we want to be able to say that
8 Florida agriculture is a winner in the Seattle Round, not
9 a casualty, but we're going to need your help to make
10 that a reality. Thank you very much.

11 (Applause.)

12 MR. KELLY: Now we've got Pete Harllee followed by
13 Bob Spencer.

14 MR. HARLLEE: Good morning. I'm Peter Harllee,
15 Junior. My company, Harllee Packing, is based in
16 Palmetto and grows, packs and ships tomatoes. My family
17 has been growing tomatoes in Manatee County in excess of
18 100 years and presently we have a fifth generation of the
19 family working on the farm.

20 I am Chairman of the Florida Tomato Committee, an
21 organization that markets Florida tomatoes under a
22 federal marketing order. I also serve as Chairman of the
23 Florida Fruit and Vegetable Association, a trade
24 association representing growers of fresh vegetables,
25

1 citrus, sugarcane and other products. These
2 organizations help Florida producers grow and market
3 crops all over the world.

4 Because of Florida's unique geographic location, our
5 growers can provide consumers here in the U.S. and in
6 other countries with fresh fruits and vegetables that are
7 sometimes not available from other growing regions.
8 Historically, competition for Florida growers has come
9 from low-cost, often subsidized, production from Mexico
10 and other Latin American nations and Europe.

11 As we have stated in prior comments to Congress and
12 the Administration, the Uruguay Round Agreement and the
13 North American Free Trade Agreement have led to losses in
14 the market share in the U.S. for Florida growers. At the
15 same time, these trade accords have yielded few
16 offsetting gains in export markets. We fear that the
17 next Round of agricultural talks could lead to more of
18 the same -- more competition for the growers in
19 developing countries who don't face the same high cost of
20 complying with the strict labor, environmental and health
21 regulations that we have in our country and also enjoy
22 lower input costs.

23 At the outset before the new negotiations begin we
24 ask the Administration to correct the deficiencies of the
25

1 prior agreements. When new talks begin, Florida growers
2 ask our trade representatives to seek improvement in
3 future forums. First we ask that the future trade
4 agreements include exemptions from trade restrictions --
5 trade reductions on import-sensitive crops grown in
6 Florida. Additionally, we ask for safeguard provisions
7 that respond quickly to market swings and are triggered
8 by price and not volume.

9 Further, we urge you to seek a way to counter the
10 disastrous effects of currency devaluation which we have
11 seen in Mexico and can significantly alter the intended
12 effect of trade agreements.

13 In the past five years since the enactment of NAFTA
14 and the dramatic increase in imports from Latin America,
15 Florida has seen a proportionate increase in the number
16 of infestations from damaging pests and disease. The
17 most notorious of these has been our state's battle with
18 the Mediterranean fruit fly. The medfly threatens dozens
19 of citrus and vegetable products in Florida and cost
20 taxpayers and our industry millions of dollars to
21 eradicate.

22 Another threat is citrus canker, an infection so
23 serious that Florida agriculture officials are devoting
24 hundreds of field staff and tens of millions of dollars
25

1 each year in attempts to keep it in check. That battle
2 has just begun.

3 These pests and disease are introduced into our
4 growing regions by imports and smuggling. A single piece
5 of fruit or even a leaf can lead to disaster. When
6 travelling to visit farms in Australia and New Zealand
7 last year I was impressed by the strict rules officials
8 there enforced to protect their local farms. I was
9 thoroughly searched at every point of entry to the point
10 of having my shoes examined. Penalties for violations
11 were serious.

12 In contrast, when returning to this country after
13 having spent days walking around foreign farms, I passed
14 through customs easily with no review. I had taken
15 precautions to prevent transporting any host material but
16 I could have been carrying a pest or disease that would
17 have threatened Florida agriculture.

18 Future trade agreements must work to stop these
19 threats at our border and ports. There is no alternative
20 if we expect to continue growing crops here in Florida.

21 Today we'll hear from other growers who will share
22 their views about the many issues, some of which I've
23 mentioned here, as well as other concerns. While we may
24 disagree about which issue is important, we do have one
25

1 common message. We will gladly compete and grow the
2 highest quality fruits and vegetables available anywhere,
3 but we can not survive unless our trade agreements ensure
4 fairness by opening access to new markets and recognizing
5 the important sensitivity nature of fresh fruits and
6 vegetables.

7 Thank you for your time. I appreciate the
8 opportunity to present this to you. Thank you.

9 (Applause.)

10 MR. KELLY: Now we'll have Mr. Bob Spencer followed
11 by Rick Roth.

12 MR. SPENCER: Good morning. My name is Bob Spencer.
13 My company, West Coast Tomato, is a grower and shipper of
14 fresh tomatoes to the fresh market located in Palmetto,
15 Florida. Our company has farms, packing houses and sales
16 offices in Florida and California.

17 Our organization faces a number of challenges to
18 stay in business. Winter freezes have destroyed our
19 crops. Farm labor is increasingly scarce. The
20 regulatory costs of doing business continue to climb.
21 Our access to many of our crop tools to fight diseases
22 and pests is not assured in the future. But by far the
23 most threatening challenge of all is an unstable and
24 unfair trade environment.

25

1 In the three years following the enactment of the
2 North American Free Trade Agreement, Florida's production
3 of fresh tomatoes dropped 27 percent. Cash receipts
4 during the same period fell by 40 percent, due in great
5 degree to the depressed prices caused by a flood of
6 Mexican tomatoes on the U.S. market.

7 Without a doubt, Florida's tomato industry has been
8 hit by dramatic trade surges from Mexico. In the early
9 1900s -- or about 1990s, excuse me -- there were about
10 200 farms that belonged to the Florida Tomato Committee
11 which markets Florida tomatoes under our federal
12 marketing order. Since then more than 100 farmers have
13 gone out of business or sold out to larger farms. More
14 than 20 packing houses have closed in that time.

15 Many people might blame NAFTA for this unfair
16 competitive agreement, but NAFTA by itself could not have
17 sparked the unprecedented escalation of tomato shipments
18 from Mexico. After NAFTA was passed by Congress, Mexican
19 government devalued the peso sharply over a short period
20 of time, in fact, encouraging Mexican tomato farmers to
21 ship their products to the United States in exchange for
22 the strong dollar.

23 NAFTA's tariff reduction formulas made no account
24 for this drastic currency shift. Additionally, the so-

1 called snapback tariffs of NAFTA designed to address
2 surges of product coming from Mexico in the U.S. market
3 lagged way behind actual shipment volume trends. These
4 snapback tariffs only took effect weeks or months after
5 the economic damage was done. It was as if your house
6 caught on fire and the fire truck arrived two weeks
7 later.

8 Time and again I had customers who could not afford
9 to purchase loads of tomatoes from my operation because
10 they were receiving loads of Mexican tomatoes with no set
11 price which they could sell at a guaranteed profit.

12 I encourage U.S. trade authorities to seek workable,
13 price-based safeguard protection in future WTO
14 agricultural trade negotiations. The protections
15 afforded the Uruguay Round do not cover Florida's most
16 import-sensitive fruits and vegetables. If some
17 safeguards are to work, they must be triggered
18 immediately in response to import surges without lengthy
19 cumbersome proof of injury provisions. Such requirements
20 force delays in triggering the safeguard mechanisms and
21 compounds injury to our growers. The increased imports
22 since NAFTA have had another effect, as well --
23 increased outbreaks of harmful pests.

24 Our officials now are fighting the outbreak of
25

1 citrus canker in south Florida that has already forced
2 the destruction of hundreds of thousands of citrus trees.

3 In Tampa, officials are currently dealing with an
4 infestation of oriental fruit flies. These outbreaks are
5 caused by the importation or smuggling of host materials.
6 Earlier this year, USDA inspectors found fruit fly larvae
7 in avocados shipped to the U.S. from Mexico.

8 While other nations use sanitary and phytosanitary
9 provisions to block or delay our access to their markets,
10 our country continues to import huge volumes of fresh
11 fruit and vegetables. Can we be certain that these
12 shipments do not threaten our domestic farms? Do you
13 actually believe that our trade partners will quarantine
14 their crops when harmful pests or diseases are found?

15 When negotiating these trade protocols we must be
16 mindful of our nation's port and border inspection teams.
17 They can only inspect a small fraction of the fresh
18 produce coming into this country. We can not rely on
19 them to always intercept infested shipments.

20 As farmers and growers face competition from other
21 producing nations, we must forge a straight course that
22 number one, will allow fair access for our own exports.
23 Number two, protect our farms from foreign diseases and
24 pests. And number three, incorporate mechanisms for
25

1 dealing with the currency fluctuations around the globe.

2 I respectfully urge U.S. trade negotiators to
3 consider these recommendations as we enter the next Round
4 of WTO trade talks. Thank you.

5 (Applause.)

6 MR. KELLY: Okay. Mr. Rick Roth followed by Craig
7 Wheeling.

8 MR. ROTH: Good morning. My name is Ricky Roth.
9 I'm President and owner of Roth Farms, Incorporated. I
10 am a third generation farmer in Belle Glade, Florida.
11 That's a community just south of Lake Okeechobee in
12 western Palm Beach, County. I grow a wide variety of
13 crops including sugarcane, vegetables, rice, sweet corn,
14 radishes and soy. I am a board member of the Florida
15 Fruit and Vegetable Association and I'm also a board
16 member of the Florida Farm Bureau Federation.

17 I belong to these industry organizations because
18 agriculture is the backbone of our domestic economy and I
19 am committed to preserving the strong agricultural
20 industry and a safe, secure and abundant supply of
21 domestic food for my family, for my community, and for
22 this country. That is why I came to speak to you today
23 and I really appreciate the opportunity to do so.

24 Now, much has changed since my father and
25

1 grandfather moved their farming operation to Belle Glade
2 in 1949. Florida growers today face many more
3 restrictions on land use, water use, farm labor,
4 pesticides and other crop inputs. Now, while these added
5 state and federal regulations had hoped to safeguard our
6 environment and our food supply, they have come at
7 significant cost.

8 These costs directly affect my ability to compete
9 with growers in other nations which are not required to
10 meet U.S. regulations. Growers in developing nations
11 generally have a much lower overhead cost than I do.
12 Their relaxed regulatory environment lets them spend far
13 less managing their labor, their water, their land, their
14 farm sanitation and other areas that fall under
15 regulatory jurisdiction here in the United States.

16 Now, these reduced regulatory compliance costs
17 provide a significant cost advantage for foreign
18 producers. In just the past year, USDA and UDA -- or
19 excuse me, FDA -- announced guidelines for our nation's
20 producers designed to minimize the chances of
21 microbiological contamination. These guidelines were
22 developed at the direction of President Clinton and he
23 announced the initiative to address concerns about food-
24 borne diseases associated with foreign produce.
25

1 Now it sounded like a good idea at the time, but
2 when it came time for the federal authorities to put this
3 plan into action they realized they had no effective way
4 to monitor how foreign growers operate. What's more,
5 there is currently no way to adequately screen foreign
6 fruits and vegetables as they enter the United States.
7 The high volume of shipments from foreign producers
8 obviously permit only spot-checks for contaminations.

9 So ironically, a food safety program that was
10 largely designed to reduce illnesses associated with
11 contaminated foreign produce can only be implemented here
12 in the United States. The result was a program that cost
13 domestic producers more and does nothing to improve the
14 quality and wholesomeness of foreign fruits and
15 vegetables.

16 Now, I think we all as farmers agree that we must
17 explore these new trade agreements and new relationships
18 with trading partners, but we think we should approach
19 this in a way that ensures fairness for domestic
20 producers. Our products are seasonal, they are highly
21 perishable and they are very sensitive to price
22 fluctuations caused by supply surges from foreign
23 producers.

24 For example, this past Christmas the market price
25

1 for a crate of sweet corn was only three dollars. You
2 need to know that it costs more than three dollars or
3 right at three dollars to harvest sweet corn. I believe
4 the low market price was attributable, in part, to
5 increasing supply of sweet corn from foreign producers.

6 Import surges have hurt Florida growers, as you've
7 heard. Mexico's currency devaluations have encouraged
8 growers to target Florida markets or U.S. markets forcing
9 crop prices down below harvesting costs in this country.

10 Protections granted under the U.S. trade are largely
11 ineffective because they work too slowly to help
12 producers who must market their crops in very short
13 windows. By the time these safeguard measures are
14 employed, crops are sold at a loss or left to rot in the
15 fields.

16 I would say that there are some people, many of them
17 well-educated, many of them economists, who would say
18 that our nation's farmers need to shift their production
19 to produce those crops that are not susceptible to these
20 import surges. That kind of strategy might work well if
21 you were in manufacturing, but not in the production of
22 agriculture and especially not in Florida's unique
23 climate. For 50 years my family has been able to operate
24 profitably because of the rich and highly productive
25

1 organic soils and because of the access to managed water
2 supply.

3 But most importantly, we succeed because of the
4 experienced people that work for me, that work with me,
5 from the industry that provide new varieties and new
6 technologies. These people help me grow my crop and
7 bring it to market. This is not a simple situation.
8 This is a very complex economic arrangement and we can
9 not shift crops easily every few years to cope with the
10 dynamics of the changing international market.

11 So the question is why must these trade accords be
12 implemented so quickly? Why must we promote free trade
13 at the expense of fair trade and in the end jeopardize
14 the future of Florida's producers? We can all prosper
15 from a fair and less restrictive fair environment.
16 Everybody agrees with that. But I urge our nation's
17 trade negotiators to demand fairness and equity in these
18 new trade agreements.

19 I believe our trade representatives should seek a
20 less restricted production and marketing environment but
21 also ensure a safe and abundant domestic food supply.
22 Further, I ask that you enact any agreement slowly with
23 provisions for corrective action from time to time.

24 In conclusion, I respectfully ask that you consider
25

1 the following issues in future trade agreements. First,
2 we must work to establish parity in production standards
3 especially regarding pesticide use and other agricultural
4 practices designed to improve food quality and protect
5 the environment. Otherwise, we will continue to improve
6 our own production practices and increase our domestic
7 cost of production so much that American growers will not
8 be able to compete in the world marketplace. Then much
9 of the produce that we produce -- much of the fresh
10 produce available, excuse me, to U.S. consumers will be
11 foreign grown without U.S. oversight and therefore
12 negating the benefits of the food safety guidelines in
13 the first place.

14 Additionally, I would urge you to seek trade
15 mechanisms that allow quick and responsive remedies to
16 import surges. Section 201 of the Trade Act of 1974 has
17 already been shown to be ineffective in this regard. The
18 Congress has ignored to fix this legislative loophole.
19 So it only makes sense to build such safeguards into
20 future trade agreements from the start.

21 I would like to thank you for allowing me to speak
22 to you today on an issue that I think is perhaps the
23 single most important issue facing this country today,
24 and that is the continued production of a secure and safe
25

1 domestic food supply. Thank you.

2 (Applause.)

3 MR. KELLY: I would like to remind you that we are a
4 little behind schedule. I know everybody has got a lot
5 to say, so if you can summarize your comments as much as
6 possible. We have 11 people left between now and lunch.
7 Now Craig Wheeling, please, followed by Skip Jonas.

8 MR. WHEELING: Good morning. My name is Craig
9 Wheeling and I'm the CEO of Brooks Tropicals. We're the
10 largest domestic producer of tropical fruits. Our
11 company grows tropical fruit like avocados, limes,
12 papayas and mangos. Our main problem is harmful pest
13 introduction. It has been mentioned a couple of times
14 previously, but I just want to go into that in a little
15 more detail.

16 In terms of trade, you can't export what you can not
17 grow because you don't have a spray for a hitchhiking
18 pest. All of the fruit we grow is vulnerable to pest
19 introductions like fruit fly. Furthermore, effective
20 sprays either may not exist or may not be approved for
21 use by APA. A good example is bacterial citrus canker
22 for which there is no spray cure or seed weevil where the
23 cure is to burn your tree.

24 Our firm supports improved trade. Indeed, we are
25

1 somewhat unique in that a good portion of our company's
2 business revolves around marketing fruit from Latin
3 America and the Caribbean. But Florida is currently
4 suffering a rash of domestic infestations. In the 1990s
5 we've had two infestations of citrus canker, one of which
6 as has been mentioned before will cost over 170 million
7 to eradicate. Canker is currently one mile north of our
8 commercial lime growing area. In the next month we will
9 spend \$300,000 on chlorine and other wash systems to
10 combat this with no commensurate revenue.

11 Oriental fruit fly found in May 1999. Mediterranean
12 fruit fly, a very bad insect, found in 1990, found in May
13 1997, found in April 1998. Citrus leaf mite found in May
14 1993 -- a horrible problem when we tried to replant limes
15 after Hurricane Andrew. Brown citrus aphid found
16 November 1995. Citrus psyllid found June 1998. Citrus
17 longhorn beetle found April 1999. Killer bee found in
18 Jacksonville, May 1999. Mexican weevil, a serious pest,
19 got established in the 1990s. Tomato yellow leaf curl
20 virus found 1997. Asian wooly hackberry aphid found
21 1998. Small hive beetle, May, 1998. Asian elm aphid
22 1998. I'll stop, but there are more.

23 Some of these are very bad pests like medfly and
24 canker which can destroy whole industries. This list
25

1 does not add confidence to me or our growers that our
2 borders are being adequately protected. Where are these
3 pests coming from? At the same time of the pest
4 introductions in Florida, trade and travel have
5 increased. From the USDA website it says that the sheer
6 volume of trade means about 70 percent of the trucks sail
7 through the Nogales, Mexico entry gates without anyone
8 from any agency inspecting any cargo at all.

9 The systems approach has been used to justify and
10 liberalize fruit importation rules into the U.S. This is
11 a statistical predictive model known as quantitative risk
12 assessment. But we believe that there are problems with
13 the use of this model. Indeed, Dr. Jan Nyrop from
14 Cornell University analyzed the risk assessment model
15 used in the Mexican avocado entry and he concluded that
16 the Monte Carlo simulation was not needed and only
17 provided analytical objectivity, the data upon which
18 parameters of the model were estimated either were non-
19 existent or not adequately documented.

20 Mexico has been allowed to ship avocados into 19
21 northern U.S. states for two seasons using the systems
22 approach. Prior to this allowance a major area of
23 concern of the model was that it would be impossible to
24 restrict distribution of the fruit to these 19 states.
25

1 In the first season USDA agents at Wal-Mart violated the
2 Planned Protection Act by receiving Mexican fruit outside
3 of the designated 19 states. Six states outside of the
4 legal area are believed to have received illegal fruit
5 during the first season. In the second season five other
6 distributors shipped Mexican fruit outside the 19-state
7 area, one shipment of which went to Florida where a
8 scaled insect which found, which in Florida is an
9 actionable pest.

10 Using a systems approach based on inaccurate inputs
11 is equivalent to designing computer software under the
12 old adage garbage in, garbage out. A further problem in
13 trade negotiation is pesticide regulation. Currently we
14 do not have a level playing field. A specific instance,
15 Mexico is allowed to export avocados to the U.S. with
16 parathion residue. Parathion is a very bad pesticide.
17 It's acutely toxic and it may pose chronic effects
18 including nerve and muscular degeneration, depression,
19 memory loss and disorientation. It is associated with
20 bird kills since the 1950s and 52 accidental fatalities
21 in the U.S. from 1965 to 1980. Most domestic uses of
22 parathion were cancelled in 1991, however, Mexico is
23 allowed to export avocados to the U.S. with a residue of
24 parathion on the fruit.
25

1 In summary, as trade has exploded, pest infestations
2 have become a huge problem, especially to subtropical
3 farmers. U.S. producers are severely restricted on what
4 pesticides they can use, and the new group of U.S.
5 pesticides tend to be very expensive. We have a very
6 tough time fighting new pests, some of which will destroy
7 our farms if they become established.

8 We believe that successful trade discussions must
9 address these two problems. Thank you for taking the
10 time to hear us.

11 (Applause.)

12 MR. KELLY: Thank you. Now we have Skip Jonas
13 followed by Jeff Crawford.

14 MR. JONAS: Good morning. I represent the Florida
15 Tomato Committee, a federal marketing committee that
16 regulates quality standards for fresh Florida tomatoes
17 shipped in interstate commerce. I also represent the
18 Florida Tomato Exchange composed of handlers of fresh
19 market tomatoes produced in central and south Florida,
20 and the Florida Tomato Growers Exchange, whose members
21 are producers.

22 The value of the Florida fresh tomato crop
23 represents more than 30 percent of the value of all
24 vegetables grown in Florida each year. Florida produces
25

1 about 45 to 50 percent of all fresh market tomatoes grown
2 in the U.S. and more than 90 percent of the U.S.
3 production from mid-December to mid-May. Our main
4 competitor is Mexico, who now produces more tomatoes than
5 Florida.

6 We have been involved in the so-called
7 Florida/Mexico tomato war for about 30 years. We've
8 watched numerous laws passed by the U.S. government that
9 regulate Florida tomato growers but exempt Mexican
10 imports. Even worse are the laws on the books designed
11 to regulate producers of both countries. But Mexican
12 imports are exempted at the whims of bureaucrats who
13 totally ignore the intent of the law.

14 There are two sets of rules or laws, one for
15 domestic producers and another for imports. A few
16 examples. Section 8(D) of the Agricultural Marketing
17 Agreement Act says, "Imports must meet the same terms or
18 conditions in grade, size, quality and maturity of
19 product regulated under a federal marketing group." USDA
20 substitutes minimum for same and totally obliterates the
21 intent of the law.

22 Mexico does not have to grade or size their tomatoes
23 according to U.S. grade standards. USDA exempted them
24 from following the grade standards. Wages. We pay more
25

1 per hour than they pay per day. Child labor. They have
2 no rules. Environment protection, no rules. Worker
3 protection, OSHA, no rules. Pesticide regulations,
4 poorly enforced. Inspection at the border. Last
5 February in Nogales 1,200 to 1,500 trucks crossing
6 borders daily. Only 50 totally inspected. Only 25
7 pesticide residues sampled taken daily.

8 In Otay/Mesa, California last month there were 2,500
9 trucks crossing daily, 15 to 70 with agricultural
10 products. Less than 3 of these got an intensive
11 inspection at any given date.

12 The last straw and the one that really broke the
13 back of the Florida tomato industry was the passage of
14 NAFTA. The Florida tomato industry was promised by the
15 President of the United States that they would be
16 protected, but unfortunately the promises made were not
17 kept and the industry has suffered hundreds of millions
18 of dollars of losses as a result. Thousands of workers
19 have been displaced.

20 In tomatoes alone, Florida production has decreased
21 more than 37 percent while imports from Mexico have more
22 than doubled in the first three years of NAFTA according
23 to the latest figures produced by the U.S International
24 Trade Commission. This resulted in a decrease in farm
25

1 income to the Florida tomato growers of more than 750
2 million dollars.

3 Our trade negotiators adopted several safeguard
4 provisions to assist the Florida tomato industry. The
5 ones tried failed miserably and some were never used.

6 Since NAFTA 24 tomato packing houses and more than
7 100 tomato growers have gone out of business. An anti-
8 dumping case filed against Mexico resulted in preliminary
9 findings indicating that Mexico had dumped tomatoes into
10 the United States at less than fair value. Dumping
11 oranges ranged from 2.1 percent to over 100 percent with
12 an average of about 20 percent.

13 Following a recommendation by the Commerce
14 Department the Florida tomato industry agreed to accept
15 terms established under a suspension agreement between
16 Mexico tomato growers and the Commerce Department
17 establishing a floor price on the imports of Mexican
18 tomatoes. We recently were informed that neither
19 Commerce nor customs has the authority needed to enforce
20 violations of the suspension agreement.

21 Apparently the Florida tomato industry is not the
22 only one suffering. According to the Department of
23 Commerce figures the U.S. trade deficit has worsened each
24 year of NAFTA. The trade deficit went from 84.5 billion
25

1 dollars in '92 to 166 billion dollars in 1996 and has
2 gotten worse each year.

3 This has created an enormous trade deficit with
4 Mexico which has not -- which was not present prior to
5 NAFTA. For the three years before the agreement went
6 into effect the U.S. trade balance with Mexico was a
7 surplus of between 1 and 5 billion dollars each year.
8 Since NAFTA has been in effect the balance has degraded
9 from a surplus to deficits in 1995 and '96 of 15.3 and
10 16.2 billion dollars respectively and continues to
11 increase each year.

12 Also, the U.S. trade deficit with Canada in 1996 was
13 22.8 million dollars and it also gets worse each year.
14 Before considering fast-track approval or more NAFTA type
15 trade agreements, let's fix the one that we have now or
16 get rid of it.

17 Why legislate the end of an important industry like
18 the Florida tomato industry and displace thousands of
19 workers? Maybe if more legislators had to meet payrolls
20 each week it would place a different perspective on the
21 situation.

22 The Florida Tomato Exchange continues their all-out
23 efforts to try to get the USDA and other governmental
24 agencies to enforce the laws the way they were intended
25

1 to be enforced. Too many times the administrative rules
2 designed by the bureaucrats to enforce the laws have no
3 resemblance to the original intent of the law.

4 The Farm Bill of 1990 had a secure clause known to
5 most marketing Florida managers -- unknown to most
6 marketing Florida managers -- that required marketing
7 order regulations with Section 8(D) provisions to be sent
8 to the USDR for approval. It allowed this office 60 days
9 to rule on the issue. This has prevented many provisions
10 of the Florida tomato marketing orders from being
11 enforced. The USDR nearly always takes 60 days or more,
12 regardless of the urgency for the needed rule.

13 We aren't asking much. We just want to have the
14 opportunity to market our products in our own country and
15 have imports marketed under the same rules. Thank you
16 very much.

17 (Applause.)

18 MR. KELLY: Thank you, Skip. Jeff Crawford followed
19 by Walter (sic) Gamble. Let's hurry as much as we can.

20 MR. CRAWFORD: Thank you very much. I appreciate
21 this distinguished panel for coming forward to hear from
22 our agricultural groups today. My name is Jeff Crawford.
23 I'm a peanut grower as well as Executive Director of the
24 Florida Peanut Growers Association.

25

1 I'm here today to represent the Southern Peanut
2 Farmers Federation, a coalition made up of Georgia Peanut
3 Commission, Alabama Peanut Farmers and in Florida the
4 Peanut Growers Association. We represent the largest
5 segment of peanut production in the United States, which
6 is almost 60 percent. Florida grows almost 100,000 acres
7 of these peanuts.

8 I appreciate the opportunity to be here today.
9 Historically, peanut growers have composed world trade
10 negotiations. This happened in the North American Free
11 Trade Agreement and in the General Agreement on Tariffs
12 and Trade. During these previous trade agreements our
13 industry lost all import trade protections and received
14 no export subsidies. We have lost 20 percent of our
15 markets and many of our growers.

16 This trend will continue unless the Administration
17 takes some interest in the future of the peanut industry.
18 Not one country is now importing U.S. peanuts as a result
19 of the NAFTA or the GATT agreements. Our exports have
20 decreased since the last trade agreement, not increased.
21 We have gone from 403,259 metric tons in 1991-'92 to
22 244,280 metric tons in '96 and '97. Why? We have the
23 best peanuts planted in the United States. Imports are
24 taking an increasing share of our market.
25

1 What can be done to enhance the U.S. peanut history
2 and continue the Administration's pro-trade policies?
3 First, the U.S. government must consider regulatory
4 systems. U.S. government must comply with -- growers
5 must comply with federal and state environmental, labor
6 and other regulations. The Environmental Protection
7 Agency, the Occupational Safety and Health Administration
8 and Immigration and Naturalization Service all play a
9 role in U.S. grower's business. How many of our trade
10 partners impair their agriculture industry as much as we
11 do in the United States?

12 Chemical regulations and labor restriction costs are
13 increasing, not decreasing for peanut growers. This has
14 to be reviewed in any new agreements.

15 Second, market access must be controlled. An entire
16 industry has been created in Canada just to process
17 peanuts and peanut products. Although many of the
18 products passing through Canada to the U.S. are applied
19 to the GATT quotas, others are not. The confectionery
20 items entering the U.S. outside of any peanut tariff or
21 in quotas would equate to approximately 40,000 tons of
22 farm stock peanuts.

23 This is about one-half of the total access granted
24 by the GATT for peanuts. All peanut outlets must be
25

1 counted against tariff rate quotas and not bailed out to
2 enter outside of them because of misclassification.

3 Access for a commodity should only be granted to
4 countries which are directly involved in producing the
5 commodity as determined by the rules bargained.

6 Argentina and Mexico do grow peanuts. Promoting trade
7 agreements that include peanuts to countries having no
8 interest in producing peanuts should not occur.

9 The rules of origin under NAFTA for Mexico should
10 apply to other new trade partners. They should be
11 exported to the U.S. as long as they are made of a
12 particular country's own raw product. This would bring
13 equity to a marketplace that has been solely infused by
14 Canada.

15 Third, sanitary and phytosanitary standards should
16 be strengthened. Some exporting countries have already
17 been to World Trade Organizations and lessened or
18 diminished current sanitary and phytosanitary standards.
19 We do not support this. Peanut growers have worked very
20 hard with the public research institutions to establish
21 the world's safest and largest and highest quality peanut
22 in the market. Standards should be made tougher.
23 Consumers have to be the Administration's top priority
24 including safety issues. Consumer advocates are right on
25

1 this issue.

2 Fourth, snapback provisions should be implemented.
3 Although the U.S. peanut program has a price import
4 system we are not dissimilar from other commodities in
5 this regard. We are at a disadvantage with other
6 commodities in that we have lost all import protection,
7 have no export subsidies and have not been supported by
8 the U.S. trade representative and ensured that the
9 imported products are not coming into the U.S. unfairly.

10 We also have not received the support of the
11 Secretary of Agriculture in encouraging peanut farmers in
12 the international feeding programs as other commodities
13 have received. This stares in the face of a product that
14 is low cost and high in nutrition. Snapback provisions
15 should protect peanut growers at any time imports begin
16 to cause significant interference with the operation of
17 the peanut program.

18 Fifth, to provide safeguards in the event of
19 changing exchange rates between currencies. This impacts
20 all commodities in light of our new world economy. It
21 has to be considered.

22 Southeastern peanut growers want to be a part of the
23 trade negotiations. We plan to continue our efforts to
24 be heard by working with the Administration and Congress,
25

1 but we are concerned that the Administration has not
2 considered the decline of U.S. agriculture in the last
3 two years. Our industry has had little support because
4 we have not been staunch free trade advocates. This
5 neglect has cost us over 20 percent of our markets and
6 thousands of dollars.

7 We ask you to consider the impact of these
8 agreements on the peanut industry. We look forward to
9 working with you in the development of trade agreements
10 that we can support. Thank you for allowing me to be
11 heard today.

12 (Applause.)

13 MR. KELLY: Walter (sic) Gamble followed by Larry
14 Bartle.

15 MR. GAMBLE: I thank you on behalf of the peanut
16 growers of this Nation to have an opportunity to testify
17 here today. My name is Wilbur Gamble and I'm a peanut
18 grower from Taylor County, Georgia. I am Chairman of the
19 National Peanut Growers Group to be representing peanut
20 growers across this nation.

21 The United States relies on its predominant world
22 market supply of peanuts based on a combination of price
23 and quantity. With past trade agreements ensuring
24 Argentina a share of the U.S. market we have encouraged
25

1 an expansion of peanut protection to that country which
2 now supplies not only part of the U.S. market but also
3 much of the world market.

4 Asia has historically been one of the largest
5 markets for U.S. exported peanuts but now recent fines
6 and problems have dramatically reduced the amount of
7 peanuts exported to this region. China is the largest
8 producer of peanuts in the world, while only a small
9 quantity of these peanuts can enter the U.S. venue.
10 Instead they enter through other countries such as
11 Canada.

12 In countries like Canada these Chinese peanuts are
13 made into peanut butter and enter the U.S. in extended
14 quantities. China has also recently come a major world
15 supply of the market that has been driven by prices
16 rather than quality.

17 It is our sincere hope that the trade policy staff
18 committee can structure policies which will fairly deal
19 with the problems currently we encounter by setting and
20 developing new peanut policies.

21 Number one, U.S. peanut growers have not benefited
22 from the past trade agreement. To the best of our
23 knowledge, there is not a single country now importing
24 U.S. peanuts mainly as a result of the trade agreement.
25

1 Rather than seeing export increases as a result of trade
2 agreements we have, instead, seen them decline. U.S.
3 peanuts and peanut production have decreased.

4 Number two, no consideration was given in the past
5 agreements that the U.S. government regulatory system as
6 compared to that of other countries. U.S. must comply
7 with numerous environmental regulations, work
8 protections, minimum wage rates, local and state taxes,
9 and the cost of any other rules are dictated by U.S.
10 standards of living. We must be given an opportunity to
11 compete on a level playing field, which in our case has
12 not been equal to the definition of free trade.

13 Number three, many excesses must be controlled by
14 strict rules of -- market excess must be controlled by
15 strict rules of origin. Canada has built an entire
16 infrastructure of processing peanuts and peanut products
17 for export to the U.S. market while some of these
18 quantities come from the GATT import quota of peanuts --
19 paste and peanut butter. Those products are not
20 comprised of this quota.

21 In the past peanut containing confectionery items
22 have entered the U.S. as confectionery items rather than
23 peanut items. Beginning in January of 1998 all peanut
24 containing confectionery items were set out in the
25

1 customs WTS system separately. From January to December
2 of 1998 over 240 million of these type of products
3 entered the U.S. outside of peanut tariff rate quotas.
4 This equates to approximately 40,000 tons of farm stock
5 peanuts or nearly one-half of the excess granted under
6 GATT for peanuts.

7 Any new agreement should make sure that peanut items
8 are counted against tariff rate quotas and not be allowed
9 to be outside of these miscalculations. Under NAFTA
10 Mexico is allowed, duty and tariff-free quota free, to
11 send peanut products into the U.S. as long as they were
12 made from Mexican grown peanuts. The same rules of
13 origin standards should be adopted in future agreements
14 for all of our trading partners.

15 Number four, the current agreement fails to
16 adequately provide safeguards in the event of changes in
17 the exchange rate between countries. This is an
18 important issue and must be considered in any trade
19 initiative.

20 Number five, it was clear at the last meeting of the
21 WTO in Geneva for the anniversary celebration that any
22 listing of current sanitary and phytosanitary standards
23 are unacceptable. Contrary to this position to date,
24 those that were dumping peanuts in the world market for
25

1 little or low quality standards, we need to strengthen
2 and curb sanitary and phytosanitary standards. Through
3 the USDA we have developed the safest, highest quality in
4 the world. To delete or ignore these efforts is a
5 violation against the consumers in the peanut industry.

6 Number six, the elimination of Section 20(T) during
7 the NAFTA negotiations, import protection to peanut
8 growers, are very few. Other commodities have very
9 strict border assistance programs and import protection
10 through an active U.S. trade representative office. The
11 USTR has never shown an interest in protecting the peanut
12 growers from similarly imported products. We ask that
13 the Administration take a look at possible snapback
14 provisions that would protect the peanut growers at any
15 time the import company causes an interference in the
16 operation of the peanut program.

17 The peanut industry opposes both NAFTA and GATT,
18 clearly the policy of the Administration, moving forward
19 without our support. Our reason for opposing an
20 agreement is we have lost over 20 percent of our share
21 which would be more competitive. Our price quota has
22 been cut 10 percent. We are not better off today than we
23 were prior to NAFTA. We ask that the Administration
24 review the impact of these agreements on the peanut
25

1 industry before any new negotiations are completed.

2 We ask that you take into account our issues of
3 concern and encourage growth through new trade policies
4 in the U.S. peanut industry and not continue the demise.

5 Thank you.

6 (Applause.)

7 MR. KELLY: Thank you, Wilbur. Now Larry Bartle, if
8 we could, followed by Mary Lou Racjheal.

9 MR. BARTLE: Thank you. My name is Larry Bartle.
10 I'm the current President for the Florida Cattlemen's
11 Association. As Commissioner Crawford knows, cattlemen
12 tend to be pretty direct, blunt and to the point, so I'm
13 going to keep my comments fairly short.

14 I am a fourth generation Floridian, third generation
15 cattleman. I'm representing our state association here
16 today. We have around 4,500 members in our association.
17 I, myself, come from a family that has deep roots in
18 agriculture, not just cattle -- formerly in citrus, some
19 timber, some sod -- we're kind of a diversified
20 operation.

21 Florida, in general right now has around 1.1 million
22 head of mamma cows in production. Our state ships out
23 over 600,000 head of calves every year to other states
24 for growing and feeding after they are weaned from their
25

1 mothers. Even though Florida doesn't feed cattle to
2 slaughter, we are directly affected by the amount of beef
3 or beef products that are exported.

4 We are the first link in a production change. Any
5 time our exported amounts change there is a direct
6 relation to the price that is paid to our producers for
7 their calves.

8 I understand the importance of foreign trade not
9 only for our beef products but also for live animals,
10 because my family's operation also includes exporting
11 quarter horses and breeding beef cattle.

12 Currently, 12 percent of the U.S. beef supply is
13 exported. I have been involved for around 15 years at
14 the state level in our industry. I remember when the
15 European ban on U.S. beef first started. Bob Josserand
16 was the president of the National Cattlemen's Association
17 at that time. He did an interview on the Today Show
18 about the ban. He stated at that time the ban was truly
19 a trade barrier and not a health issue. Today the
20 statement has not changed one bit.

21 As you know, scientific studies have shown there is
22 no health risk to consumers for beef produced with growth
23 promotants. We urge you to make the EU follow the
24 deadline given to them and make their markets open up to
25

1 our products. We just want equal access to their market.
2 Let their consumers decide which beef they would rather
3 eat. They will decide if our products are more
4 desirable.

5 Last week I did an interview with a German
6 television station. They knew about the scientific
7 studies on the health risks. They wanted to see cattle
8 that had been treated with growth promotants. When I
9 showed them what an implant actually was and how it was
10 given, they seemed to be completely surprised from what
11 they had been hearing in their countries. I know they
12 left with a better understanding of the real reason
13 behind the ban.

14 Another topic important to us is the country of
15 origin labelling. Given a choice, the U.S. consumer
16 would prefer U.S. grown products. This also ties into
17 not allowing or limiting importation of products that are
18 not up to USDA inspection standards. We're not allowing
19 products into our country that are subsidized by or price
20 supported by other countries.

21 I hope this forum will help you -- will assist you
22 in your coming negotiations. Thank you.

23 (Applause.)

24 MR. KELLY: We're going to need to break for lunch.
25

1 We've got a number of press here. I apologize for that,
2 but I think it's important. I think all of you in
3 agriculture recognize that we don't always do a good job
4 of speaking to the press, and so we're going to let our
5 panel do that. We'll start back at 1 o'clock and we'll
6 continue with people that are there, as well as some
7 others. So I'd like to thank all of you for doing a good
8 job of trying to stay on schedule. We have a lot of
9 people here and a lot of good comments. I'd also like to
10 thank the panel for listening, which is what they came to
11 do.

12 (Whereupon a lunch recess was held.)

13 MR. KELLY: If you get your seats we'll get started.
14 We ran a little over and so we're going to go to the
15 schedule of speakers that we had and then we'll open this
16 up. When the prepared speakers are through we'll
17 probably get a little question and answers -- we're
18 fortunate to have joining our panel Ms. Teresa Howes, a
19 representative of USTR and I think Dr. Martha Roberts
20 needs no introduction, but we are also fortunate to have
21 her to join our panel at this point. We're going to
22 start back.

23 One thing that I was asked to mention, and I think
24 most of you are aware of this but I hope you are -- we
25

1 are recording this session. Any comments will be
2 recorded and will be forwarded on. We'd like for all of
3 you to know that what you say is important. We
4 appreciate you taking the time to be here. We know how
5 busy everybody is, but we do appreciate all the
6 participation of each and every one of you. It is
7 important to us what you say, so please continue to
8 express your feelings in this Listening Session.

9 Okay. In order to try to keep us moving along we're
10 going to go back to our schedule and we're going to ask
11 Ms. Mary Lou Racjheal. We apologize for breaking but we
12 had the press here. We did need to do that. But Mary
13 Lou, please proceed.

14 MS. RACJHEAL: My name is Mary Lou Racjheal and I am
15 Vice-President of the Florida Phosphate Council, a
16 private non-profit corporation which serves as the trade
17 association for the phosphate mining and the phosphate
18 fertilizer manufacturing industry in Florida. The
19 council has seven member companies, multi-national in
20 character and international in scope. These companies
21 comprise almost 100 percent of the phosphate operations
22 that occur in Florida.

23 Fair trade and expanding market access are issues of
24 vital importance to phosphate producers in Florida. I am
25

1 joined here today by representatives of our member
2 companies including Cargill Fertilizer, CF Industries,
3 IMC Agrico Company, Mulberry Corporation, PCS Phosphate
4 White Springs and U.S. Agrichemicals Corporation.

5 The Florida phosphate industry has been in
6 continuous operation for more than 100 years and
7 currently owns or has mineral rights to 524,000 acres in
8 Colombia, DeSoto, Duval, Hamilton, Hardee, Hillsborough,
9 Manatee, Pasco, Polk and St. John's counties. Florida
10 provides about 75 percent of the nation's phosphate
11 supply and about 25 percent of the world's supply.
12 Ninety percent of the phosphate mined is used to make
13 fertilizer.

14 At the end of 1998 the industry had 8,061 employees
15 who received a total payroll, including fringe benefits,
16 of more than 456 million dollars. This is an average of
17 more than \$56,000 per year per employee. For every job
18 in the industry at least five others exist because of the
19 industry. For example, according to the Tampa Port
20 Authority, the Port of Tampa generates 93,000 jobs and
21 almost half of that number are phosphate related.

22 In addition, at least 50 percent of the tonnage
23 handled by the Port is phosphate related. In 1998 the
24 industry paid approximately 1.3 billion dollars for
25

1 equipment and supplies, 125 million dollars in taxes and
2 fees, 148 million dollars on services such as electricity
3 and telephone, and 215 million dollars on land
4 transportation of phosphate products.

5 In 1998 the value of fertilizer exports from Florida
6 was 1.8 billion dollars. If I were to leave you with one
7 point of emphasis, it is that trade with China is key to
8 the Florida phosphate industry. China is a major trading
9 partner with the industry. China's fertilizer market is
10 the largest in the world, including 28 percent of
11 phosphate fertilizers.

12 The U.S. exports approximately 7 million tons per
13 year of phosphate fertilizer to China, which represents
14 almost half of total U.S. phosphate exports and nearly
15 one-fourth of total U.S. phosphate production. So the
16 Florida Phosphate Council strongly recommends the
17 completion of the China WTO session agreement and
18 supports permanent, normal trade relations for China.

19 Dr. Roberts, we would appreciate very much if you
20 would convey to Commissioner Crawford how much we
21 appreciate being asked to appear today to address the
22 important issues of fair trade and global market access.
23 Dr. Siddiqui, Mr. Baas and Ms. Howes, we appreciate the
24 time that you are giving in evaluating what is really a
25

1 very multi-faceted and complex topic.

2 As I said, we have representatives from our member
3 companies in the audience if you have any questions, so
4 we would be happy to respond. Thank you.

5 MR. KELLY: Thank you very much for that. We'll now
6 continue with representatives of the sugar industry.
7 We'll start with Robert Underbrink followed by Miller
8 Couse.

9 MR. UNDERBRINK: Good afternoon. Thank you for the
10 opportunity to be here with you today. I'm Robert
11 Underbrink, Vice-President of King Ranch. We farm about
12 12,000 acres of sugarcane in Florida. I am also
13 President of Consolidated Citrus Limited Partnership
14 which farms approximately 39,000 acres of citrus.

15 Both of the companies that I represent are concerned
16 about the upcoming WTO negotiations, however today I will
17 speak to you about the impact of these negotiations on
18 sugar.

19 In 1987, at the start of the Uruguay Round of the
20 GATT, the sugar industry endorsed the goal of free trade.
21 Today our industry endorses the goal of genuine global
22 free trade in sugar. We want global free trade in sugar
23 because we are efficient growers. We are efficient
24 growers despite some of the world's highest government-
25

1 imposed costs per labor and environmental protection. We
2 welcome the opportunity to compete on a genuine level
3 playing field, however until we achieve that free trade
4 goal the United States must keep at least the minimum
5 sugar policy that we have in place today.

6 Subsidizing the dumped sugar market should not
7 displace efficient American producers. We are concerned
8 about the WTO negotiations. Results of past trade
9 agreements remain a problem. More than 100 countries
10 produce sugar and have some form of governmental
11 intervention. Unfortunately, these policies were not
12 significantly changed in the Uruguay Round Agreement.

13 Compliance with these agreement obligations has been
14 and remains a major problem. A wide gap in labor and
15 environmental standards between developed and developing
16 countries has not been satisfactorily addressed. Export
17 subsidies, state trading enterprises and developing
18 countries' obligations have not been disciplined.

19 To date, the world sugar market remains the most
20 distorted agricultural trade. Lavish export subsidies
21 from the European community allow it to dump excess sugar
22 on the world market. The Brazilian sugar industry was
23 largely built around its subsidized sugar-to-alcohol
24 program. Mexico subsidizes its sugar exports. Australia
25

1 regulates its market with massive monopolistic state
2 trading enterprise. These are just a few examples of the
3 distortions of the world market.

4 Based on previous experience with trade agreements,
5 I have the following five recommendations. One, United
6 States should not force any new agreements or reduce its
7 government programs any further until other countries
8 have complied fully with the Uruguay Round.

9 Two, United States should not reduce its support for
10 agriculture programs until other countries have reduced
11 their supports to our level.

12 Three, export subsidies and state trading
13 enterprises should be given top priority in the next
14 Trade Round.

15 Four, the wide gap in agricultural, labor and
16 environmental standards between developed and developing
17 countries should be taken into account.

18 Number five, the Uruguay Round approach of a rigid,
19 one-size-fits-all formula will not fit the needs of U.S.
20 agriculture in general or for sugar, in particular. Each
21 commodity is different and these differences need to be
22 taken into account. Sugar is very important to Florida,
23 as you know, and we can compete with sugar producers
24 anywhere in the world but we can not compete with other
25

1 government's treasuries.

2 I urge you to negotiate carefully and give us an
3 opportunity to compete and prosper in a genuine, free
4 trade environment. Thank you.

5 MR. KELLY: Thank you, Robert. We have Miller Couse
6 followed by Ardis Hammock.

7 MR. COUSE: Good afternoon. I'm speaking to you
8 today as a community banker in Florida who works closely
9 with the Florida sugar industry. My name is Miller Couse
10 and I'm President of the First Bank of Clewiston. My
11 family also owns and operates a small sugar cane farm.

12 Sugar farmers have been customers of our bank for
13 over 65 years. They work hard and are not asking for a
14 handout or any special treatment from the government.
15 All they ask is to be treated fairly and reasonably.
16 American sugar farmers are efficient by world standards
17 and would love the opportunity to compete with other
18 farmers under genuine free trade conditions, but they can
19 not compete with foreign governments, nor should we have
20 to.

21 I can tell you firsthand that the farm economy in
22 this country is in its worst shape in decades. In the
23 three years since the 1996 Farm Bill, commodity prices
24 have fallen by 10 percent. Farm bankruptcies are
25

1 proliferating and rural economies are in crises. Keep in
2 mind that the U.S. sugar industry provides 420,000
3 American jobs in 40 states, many of them in small
4 agricultural communities like mine. We need to protect
5 these American jobs.

6 Therefore, please do not enter into any agreement
7 that would cause further detriment to the American
8 farmer. We must first ensure that all countries comply
9 with past agreements before the United States forges any
10 new agreements. A flexible request offer type of
11 negotiation strategy must be followed in the next trade
12 agreement rather than the rigid, across the board
13 formula. A one-size-fits-all formula approach does not
14 work in banking, and it certainly does not work in
15 agriculture.

16 In this Round of negotiations we must adopt a
17 negotiation strategy that will address the huge
18 disparities and support among various nations and turn
19 the United States unilateral concessions to our
20 advantage.

21 As a banker and an amateur economist I have always
22 believed in free trade. Over the past several years,
23 whether it's GATT or NAFTA, I keep seeing the American
24 farmer being hammered when the U.S. participates in free
25

1 trade on a one-sided basis. We would ask that you give
2 us fair trade, not free trade. Thank you.

3 (Applause.)

4 MR. KELLY: After Ardis we'll have George Cooper.

5 MR. HAMMOCK: Thank you for the opportunity in this
6 USDA/USTR Listening Session for Sarah and I to
7 participate. I am Ardis Hammock, a sugarcane grower from
8 Clewiston, Florida and a five-year member of the
9 Agricultural Trade Advisory Committee, ATAC, for
10 sweetener. I am here today with my husband Allen and my
11 daughter Sarah. Our family has been growing sugarcane in
12 south Florida for over 60 years.

13 Sugar farmers have long endorsed the goal of global
14 free trade because U.S. sugar producers are very
15 efficient by world standards, and we would welcome the
16 opportunity to compete on a genuine level playing field.
17 Until that free trade goal, which must be a fair trade
18 goal, is achieved the U.S. must retain at least the
19 minimum sugar policy now in place to prevent foreign
20 subsidized sugar from unfairly displacing efficient
21 American producers such as my family and fellow growers.

22 The U.S. farm economy is in its worst shape in
23 decades. In the three years since the '96 Freedom to
24 Farm Bill was adopted commodity prices have fallen, farm
25

1 income has fallen, and farmers and their banks are going
2 bankrupt right and left. This has devastated many rural
3 farming communities. Sugar farmers are sharing in that
4 misery.

5 It is bad enough that sugar prices to us farmers has
6 been flat or declining for the past 15 years, but the
7 price we receive for our sugar has dropped 10 percent
8 under the Freedom to Farm Bill. Although the U.S.
9 Congress passed emergency relief legislation to farmers
10 the past two years, none of those funds have gone to
11 sugar farmers.

12 In delivering my message today I am speaking with
13 two voices. The first voice is with the knowledge and
14 foresight of an ATAC member dealing with this serious
15 trade issue. I encourage our government to negotiate
16 very carefully and rationally when considering additional
17 trade agreements. The 1999 WTO Ministerial will pay a
18 pivotal role in establishing the scope, parameters and
19 goals of the next multi-national trade realm.

20 As an ATAC member I give you the following
21 suggestions as the U.S. government enters into the
22 upcoming WTO trade negotiations. All countries must
23 comply with past agreements before the U.S. forges any
24 new agreements. In addition, the U.S. should be given
25

1 credit for complying before requiring to make further
2 cuts in the next Round.

3 Second, the U.S. must not reduce its support for
4 agricultural programs any further, particularly for
5 import-sensitive crops such as sugar until other
6 countries have reduced their support to the U.S. level.

7 Third, the U.S. government should take into account
8 labor and environmental standards. There is a huge gap
9 in labor and environmental standards between developed
10 and developing countries and nearly three-fourths of the
11 world's sugar is produced in developing countries. A
12 flexible request offer type of negotiating strategy must
13 be followed in the next trading realm rather than a
14 rigid, across the board formula approach. This is the
15 only manner in which we can address the huge imbalance
16 and support some of the nations and turn the U.S.
17 unilateral concession to our advantage.

18 That being said, now my voice is from the heart as a
19 farmer, a farmer's wife, and a mamma. Daniel Webster
20 said it best, "Let us never forget that the cultivation
21 of the earth is the most important labor of man.
22 Unstable is the future of the country which has lost its
23 taste for agriculture." Today I brought with me the most
24 important issue you need to deal with during
25

1 negotiations, my daughter Sarah.

2 As you can see, she is proudly wearing her FFA
3 jacket. The blue Future Farmers of America jacket is a
4 symbol of all that we as farmers hold dear. It
5 symbolizes the next generation of American farmers. It
6 symbolizes the continuation of our strongly held family
7 values and farming traditions. Most of all, it
8 symbolizes the faith of our youth in tomorrow and that
9 there is a future in farming.

10 This is what our trade negotiators need to remember
11 -- that what they are doing is not just some intellectual
12 exercise involving the trade policies of various
13 countries. It's not a game and they should not use
14 farmers as pawns in their negotiations. They are dealing
15 with real people's lives. They are dealing with our
16 future, and most importantly the future of our children.
17 Please don't disregard Sarah's future. Don't give away
18 her birthright to some frenchman whose government heavily
19 subsidizes his sugar beet farm and wants to dump his
20 sugar into our marketplace.

21 Ambassador Barshefsky said during these Listening
22 Sessions and I quote, "The USTR and the USDA negotiators
23 will continuously review the recommendations from these
24 sessions in developing our negotiation objectives for the
25

1 next Round of agriculture negotiations." To ensure you
2 do this, Sarah will give you a booklet to take to the
3 negotiating table. I don't think that the USDA has
4 printed this manual. It's entitled, "Life's Little
5 Instruction Book to Save the American Sugar Farmer." In
6 it you will find the four positions sugar farmers urge
7 you to use in negotiations, as well as reminders of the
8 reason you should not sell out American farmers to
9 foreign bankrolled farmers.

10 We expect the American government to stand up for
11 American sugar farmers like me and for future farmers
12 like Sarah, her brother Robert, and all the other Future
13 Farmers of America. We realize, however, that life isn't
14 a bowl of cherries, it's a bunch of raisins. Raisin'
15 cain, raisin' kids and raisin' cash. We can't raise cash
16 from raising cain to raise kids if you don't protect us
17 from unfair trade practices. We believe you can
18 cultivate trade agreements to reap a large harvest for
19 Future Farmers of America. Just read your instruction
20 booklet. Thank you.

21 (Applause.)

22 MR. KELLY: Thank you. Now we've got George Cooper
23 followed by McKinsly Chatman.

24 MR. COOPER: My name is George Cooper and I am CEO
25

1 of Glade Grove Supply Company and I have abbreviated my
2 statement down to -- it was one page at the beginning but
3 now that we have more time this afternoon I'll be able to
4 read the entire presentation.

5 Not really -- having no formal education, being the
6 product of the Dade County School System, I don't know
7 that many words. My family has been pedalling iron to
8 the south Florida agricultural community since 1938.
9 Somebody asked me the other day, he said, "You've been in
10 farm machinery all of your life?" and I said, "Not yet,"
11 but it seems like it's turning out that way.

12 We operate dealerships in Motley, Belle Glade and
13 Avon Park. My accountant assures me that would qualify
14 me as a three-time loser in any court of law in the state
15 of Florida. We're basically in the sugar industry in
16 Belle Glade, which farms about 500,000 acres of the very
17 finest, most productive soil in the world.

18 We employ about 15,000 people directly in Belle
19 Glade in the sugar industry. All the 40,000 people that
20 live in the four small towns on the south end of the lake
21 are in the sugar industry. So always put it in personal
22 as to who the lives are. We also have much far-reaching
23 than that. We run Case International's tractor plant in
24 Fargo, North Dakota for two weeks every year just
25

1 providing the tractors that go into the Belle Glade area.

2 When I came out of southeast Asia in 1963 four
3 percent of the population of the U.S. was involved in
4 agriculture. It's less than half that now. We've lost a
5 population. We've lost the votes. You can pretty well
6 step on agriculture with impunity as far as the votes are
7 concerned but not as far as fairness goes.

8 By the year 2010 eight percent of the agriculture in
9 the United States will be produced by less than 120,000
10 different entities. That's what American agriculture has
11 done to provide you with fresher, better, safer and more
12 variety food than any other place in the world at a much
13 cheaper price than anywhere else in the world.

14 As you negotiate these things, I want you to
15 remember that it is not all in one basket. You said,
16 "Well, we'll give up a little on sugar here and we'll get
17 back on corn there." It doesn't work that way. You give
18 up on sugar, you pulled the sugar guy down, too. He
19 doesn't go out to the midwest and grow corn. So you've
20 got to remember it's not one basket, it's a lot -- it's
21 thousands of little baskets of everybody. So negotiate
22 in kind.

23 Something that has happened in the last 20 years
24 that I've been in business -- well, in the last 15 years
25

1 -- I sold a tractor the other day. Basically it did the
2 same work, but looked a lot different -- the paint job
3 was different, different cab on it, for \$55,000. I sold
4 that essentially same tractor 15 years ago for \$15,000.
5 The price of sugar was the exact same to our farmers now
6 as it was 15 years ago. We have done that for 15 years
7 by mechanizing the sugar industry in Florida. We've done
8 a good job of it and we've done it in the face of
9 enormous environmental concerns.

10 If you take out an acre of our land and put it in
11 the glades, to replace it with sugar production anywhere
12 else in the world will take three acres and most likely
13 that will be tropical rain forests in South America and
14 Africa and that only lasts for five or six years and then
15 they have to move off of it. So you'd wipe out three
16 acres of rain forest for every acre of sugar that we lose
17 in the state of Florida.

18 As we sit here today, one of our sugar mills, 10
19 percent of our production of sugar in the state of
20 Florida, is being auctioned off. Fifteen hundred jobs
21 are lost directly plus the other 1,000 or so jobs related
22 to that company are being -- are eliminated today. If
23 that was anywhere else there would be a human cry of so-
24 and-so lays off 1,500 workers in West Palm or Dade County
25

1 or whoever, but we're going without a whimper and very
2 quietly. So remember that in negotiating. Your
3 negotiators are in a lot of little baskets, not all one.
4 Thank you.

5 (Applause.)

6 MR. KELLY: McKinsly Chatman and then we'll have Jim
7 Handley.

8 MR. CHATMAN: Good afternoon. My name is McKinsly
9 Chatman and I'm a member of -- I'm a member and student
10 of Local 2152 of the International Association of
11 Machinists and Aerospace Workers. I am an employee of
12 the Atlanta Corporation which is a grower and processor
13 and refiner of sugarcane grown in Palm Beach County and
14 south Florida.

15 I work hard every day and my fellow employees and I
16 can compete with foreign workers but we can not compete
17 with foreign governments. So that's why I think it is
18 important for me to come here today to speak to you about
19 the upcoming WTO negotiations.

20 The United States sugar industry has long endorsed
21 the goal of global free trade because U.S. sugar
22 producers produce an efficient world standard and welcome
23 the opportunity to compete on a level playing field until
24 free trade goals are achieved. However, the United
25

1 States must maintain at least the minimum sugar quality
2 to prevent foreign subsidies dumping unfairly to replace
3 efficient American producers.

4 While unanimously the sugar industry supports the
5 goal of free trade, we have serious concerns of past
6 agreements about structure, future multi-national
7 regional trade agreements, labor and environment
8 standards. They should be part of the negotiations.

9 A wide gap in labor and environmental standards has
10 developed between developed and developing countries and
11 must be taken into consideration on the next trade Round
12 to add both incentives and penalties to ensure global
13 standards, risks to developed country's levels rather
14 than fall to developing country's levels.

15 Finally, the United States must not reduce support
16 for agriculture programs, particularly import-sensitive
17 crops such as sugar until other countries have reduced
18 their support to our level.

19 Again, I thank you for allowing me to express my
20 concerns. Thank you very much.

21 (Applause.)

22 MR. KELLY: Now we have Jim Handley. I apologize,
23 Jim. We were rushing before and we skipped one. I
24 apologize.
25

1 MR. HANDLEY: No problem. I'll be real short and
2 quick. I'm Jim Handley. I'm the Executive Vice-
3 President of the Florida Cattlemen's Association. Right
4 before lunch you heard from our President Larry Bartle.
5 We're a grass roots organization that is comprised of
6 ranchers in the state of Florida.

7 I just want to summarize a few points that most of
8 the speakers have mentioned already today. One point
9 about Florida agriculture -- many, many of our producers
10 are quite diverse in their operations. People that are
11 in the cattle business also have citrus groves. People
12 that have sugarcane also have cattle. People that have
13 fruit and vegetable operations also have cattle. They
14 are real diverse, so things that affect one commodity
15 group certainly affect the other.

16 There are three main themes that I feel as though
17 have come out here today that we hope that you all leave
18 here with, the first one being out in the real world the
19 producers seem to get frustrated with some of the
20 agreements that are in place that aren't being fully
21 implemented. I think the point is that we don't need any
22 additional agreements until we enforce some of the
23 agreements that we have in place.

24 The European ban, the hormone ban in Europe is a
25

1 major frustration in the cattle world. If they don't
2 respond and comply with the way I understand the ruling
3 to be, then I think we will hope to implement some
4 retaliatory measures to maybe make them reconsider and
5 open their market to us and quit protecting us and
6 shutting us out. It's getting extremely serious, and if
7 we're going to maintain viable, profitable agriculture
8 enterprises across the board to all commodity groups,
9 we've got to have fair trade. We've got to have
10 consistent profitability and not just little windows of
11 profitability. I think it was a good point on one of the
12 slides that was shown about the loss of equity. That is
13 definitely occurring.

14 In Florida we're fortunate because we have such a
15 development state. On one hand we're fortunate. In many
16 cases, land values go up and people survive that way.
17 But we can't continue to count on that. Another point is
18 taking care of our domestic market. We mentioned the
19 labelling, country of origin labelling. The overwhelming
20 majority of U.S. consumers, we believe will buy and
21 purchase U.S. grown beef -- it's the safest in the world
22 -- if they have the opportunity to make that buying
23 decision at the retail counter.

24 Then the other issue concerning our domestic --
25

1 taking care of our domestic market is the foreign pest,
2 invasive pest controlling our ports. That's about as
3 much of an opening of trade applying a tariff, but it is
4 paying attention to what is coming in here. The cattle
5 industry is fortunate. We aren't suffering like the
6 citrus people are. They are fighting a big one. We
7 could have a rival on our shores, some of the same --
8 some problems of the same magnitude if we don't tighten
9 the ports.

10 With that, I really appreciate you all taking the
11 time to come to Florida to recognize the magnitude of
12 agriculture here. It is a huge industry and it is
13 important to the state. We really, really appreciate you
14 all going to bat for us and arguing on ag's behalf.

15 Thank you.

16 (Applause.)

17 MR. KELLY: That completes our scheduled speakers.
18 We'll now take individuals who would like to come up.
19 First I'd like to ask if the panel has any comments that
20 they'd like to make before we do that. Dr. Siddiqui.

21 DR. SIDDIQUI: I think most of the speakers
22 addressed the issues. I share total agreement with USDR
23 and USDA that we should not allow EU to get away with
24 those --
25

1 MR. BAAS: And the state.

2 Dr. SIDDIQUI: And the state. I'm sorry. I think
3 you are aware that the policies that we are taking to
4 task, the decisions made by WTO to the council where
5 their ban was found to be not based on science, we have
6 taken a step, but of course under the WTO dispute
7 resolution process we have May 13th as the deadline if
8 they did not comply. We must continue to authorize to
9 suspend trade positions to EU be acknowledged. This also
10 requires that we give them 30 days to petition and ask
11 for our decision based on the above.

12 Secondly, we essentially believe in the U.S.
13 position that we will exercise the rights under the
14 review to go against those suspended concessions.
15 Finally, I want to share with the audience, especially
16 cattlemen and ranchers here, that the U.S. continues to
17 take EU to task because we find U.S. beef grown with
18 hormones is safe. There has been repeated conclusions by
19 international committees and they did not find any health
20 concerns with the use of those hormones, while EU
21 continues to raise concerns -- that is just not recently.
22 It was before when essentially there is no new
23 information gathered but it made enough headlines in
24 Europe and essentially what they're saying is there is
25

1 some risk of cancer with the use of hormones. We have
2 begun the process of countering and dividing that study.
3 It is not a new study. It is essentially a rehashing of
4 the same old arguments that are present in Europe.

5 MR. KELLY: I think what we might do is if there are
6 any questions that the panel has of the audience we will
7 do that, and then we will take individuals. We'll try to
8 keep -- did you have a question?

9 MR. BAAS: I've got two questions I'd like to ask,
10 if I might. The first one is to somebody, I guess, in
11 the sugar business. My question is, as I understand the
12 price situation, the world price of sugar is something in
13 the 2 to 4 cent range whereas the U.S. price is somewhere
14 around 18 to 22 cents, something like that. So I was
15 very interested to hear the sugar industry folks say,
16 "We're ready to compete with the foreigners as long as
17 the playing field is level," and all that. We certainly
18 share that desire that the playing field should be level.

19 I'm having a little trouble understanding how one
20 can compete with that huge price difference. Surely --
21 maybe I'm wrong. Surely subsidies can't explain the
22 price difference of that magnitude -- if I've got the
23 prices correct.

24 MR. YANCEY: I'll try to answer the question for
25

1 you.

2 MR. BAAS: Thank you.

3 MR. YANCEY: My name is Dalton Yancey and I
4 represent the sugar farmers in south Florida, Hawaii and
5 Texas. I'm a native of Florida. The current price of 4
6 1/2 cents for sugar, as you accurately reported, is the
7 world price as you read in the Wall Street Journal every
8 morning. That is a price that is a dumping price and
9 represents all these other subsidies around the world
10 that are creating excess production right now, and it
11 also represents the Brazilian devaluation of the real a
12 few months ago which knocked the price down about 2 cents
13 right off the bat.

14 But if all the other sugar producing segments from
15 around the world were to eliminate what they do in their
16 industries, they would not be able to overproduce and the
17 price of sugar would reach an equilibrium which is higher
18 than the support price in the United States and we would
19 do very well with that. So that's why we are for free
20 trade, but we're for it if everybody does it. We're not
21 going to jump off the bridge first. We all have to hold
22 hands and jump off into the cold water of free trade
23 together and we will do just fine because we are
24 efficient, we've got good land, we've got good production

25

1 practices, we have good varieties, and we've got the best
2 market in the world right here in our backyard.

3 But in order to do that, we ask the trade
4 negotiators to get rid of these other country's subsidy
5 programs and bring them down where we are so that we can
6 then compete -- and that's what it's all about in trade.
7 It's competition. We can compete if the ground is level.

8 MR. BAAS: Thank you. If I could just ask a
9 question of a citrus person. I understand that some of
10 the Brazilian juice that comes in from Brazil or that the
11 Brazilian juice generally does not taste as good as
12 Florida juice -- I'm not surprised about that, Florida
13 juice is excellent -- but that as a result, Florida juice
14 is mixed with Brazilian juice so that Americans will, in
15 fact, drink it. Is that true and if so, what sort of
16 quantities are we talking about and what does that mean
17 for the -- we've got some pretty dire information about
18 the citrus industry here this morning, and I'm just
19 curious what this means, if it's true, for the citrus
20 industry. Not that I'm proposing that Brazil has free
21 run of our citrus market, at all.

22 MR. GRIFFITH: I'm Jim Griffith. I've been here
23 since 1946. I don't believe it's fair to say that
24 Brazilian juice that comes in here is not good juice or
25

1 not as good as a lot of what we produce. They do produce
2 good orange juice and our standards are such that they
3 by-and-large bring in juice. Actually, there are times
4 that the Brazilian juice has been used to improve the
5 color of some of our low color, early produced oranges.
6 Well, I guess that answers your question.

7 MR. BAAS: It does answer it. Thank you.

8 MR. KELLY: Thank you, Mr. Griffith. Any other
9 questions from the panel, comments? Dr. Siddiqui.

10 DR. SIDDIQUI: While we're waiting for somebody to
11 raise a question, maybe you could answer another concern.
12 Several speakers mentioned about the number of pests
13 found in Florida. The U.S. Board of Agriculture
14 inspection services is also concerned about a repeated
15 medfly and citrus canker infestation. I want to assure
16 you USDA is an equal role partner in those negotiation
17 efforts because we believe that these pests if they are
18 established anywhere in the U.S., in Florida or
19 elsewhere, makes our job -- the USDR and the State
20 Department's job difficult to convince trading partners
21 toward -- for any excuse to deny us access to their
22 markets. So I know we share your concerns.

23 But I think after reducing these infestations to
24 something, I think the jury is still out. We've had
25

1 infestations of medfly in California and even in Florida,
2 so I think that these infestations are coming because
3 there is more trade. There is also more travellers.
4 Both Americans and foreigners are coming to our shores
5 and I think there is a lot of evidence that some of these
6 infestations are getting in because of the travel in the
7 world -- travel is a lot faster than it used to be.

8 Senator Bob Graham and the folks at USDA set a 40
9 member panel, a team of scientists, regulatory officials,
10 some of the folks from Florida agriculture -- Richard
11 Gaskella was one of the members of the subcommittee.
12 They said regarding Florida is already supposed to come
13 along -- this is going to evaluate the effectiveness of
14 USDA's agricultural reporting program and make the
15 conditions what can be done to strengthen and safeguard
16 U.S. agriculture. So I want to assure you that both USDA
17 and the Florida Department of Agriculture is working very
18 closely in terms of reviewing this problem and hopefully
19 finding some solutions.

20 MR. KELLY: Mr. Baas.

21 MR. BAAS: Thank you. One more question I just came
22 up with here. I think Congresswoman Thurman and a number
23 of other people mentioned the necessity or the importance
24 of having a specialty sort of safeguard procedure for
25

1 perishable products, and I can understand intellectually
2 why that would be desirable and an interesting thing to
3 have.

4 What I don't understand, having not thought about it
5 very long, is how that might work. I would appreciate if
6 either now or later if somebody who has thought about
7 this a little bit could provide us with some ideas about
8 how this might work in writing or if, in fact, someone
9 has ideas already now, so that we can get the benefit
10 from your thoughts. Thank you.

11 MR. STUART: Well, I think it's a great question and
12 if we could just go back a little bit in history,
13 particularly during the negotiations in NAFTA and also
14 during the negotiations in the Uruguay Round there was a
15 lot of discussion about coming up with some type of a
16 special safeguard that would specifically address some of
17 the unique characteristics of fruit and vegetable
18 production or perishable seafood production of
19 agricultural products.

20 What was arrived at within the NAFTA was basically a
21 cookie-cutter approach, basically the tariff or quota
22 approach, which basically dealt with volume. It didn't
23 account for the rapid fluctuations in perishability of
24 the industry. So what we have abdicated historically
25

1 going all the way back into the U.S./Canada Free Trade
2 Agreement, is some type of a mechanism that is sensitive
3 to price. Offer some type of an issue, whether it's a
4 five-year floating average of prices or some type of an
5 immediate trigger that doesn't require any kind of an
6 injury determination.

7 That's what we suggested in the past. Again, during
8 the NAFTA debate they wanted to use the TRQ or Tariff
9 Rate Quota approach and apply it across all commodities,
10 and that simply has not worked for an industry that
11 relies and has such a quick change in market conditions
12 almost on an hourly basis.

13 MR. BAAS: Just if I could pursue that point for a
14 second. So one thought you have is you might take, for
15 example, a five year moving average of the price of
16 tomatoes and then if the price goes 10 percent lower or
17 20 percent lower than that price that would give an
18 automatic trigger for a brief safeguard?

19 MR. STUART: Conceptually, that was the kind of
20 mechanism that was utilized in the U.S./Canada Free Trade
21 Agreement. The problem we have, quite frankly, from a
22 trade and information standpoint is our trade statistics
23 can not keep up with the speed at which the marketplace
24 moves. That's the problem historically we've had with
25

1 that.

2 The other example I'll throw out to you is
3 conceptually what we've used in the tomato dispute, which
4 is basically a floor price. That is not the end-all or
5 necessarily the cure of the situation, but it is to help
6 substantially in stabilizing the market at very low
7 levels.

8 MR. BAAS: Thank you.

9 MR. KELLY: Okay. Do we have any others? Mr.
10 Griffith.

11 MR. GRIFFITH: If I might, I need to distribute
12 something.

13 MR. KELLY: While he's distributing that, anybody
14 who is interested in speaking, if you will move close and
15 then we'll be ready to go. We'll try to limit this as
16 much as possible so that everybody gets a chance to say
17 something, so please limit it to three or four minutes,
18 if possible.

19 MR. GRIFFITH: As I said before, I'm Jim Griffith.
20 I've been growing citrus here in Polk County since the
21 early 1950s. I want to just touch on two or three
22 things, that I don't believe have been touched on from
23 the citrus standpoint so far.

24 I will start out by repeating what others have said.

25

1 We really can't tolerate any reductions in the tariff
2 under the situation as it exists today. Sometimes
3 history helps us a little bit, so let me think with you a
4 little bit about something. The tariff we now like was
5 established back in 1930 and has been perpetuated ever
6 since. At that time nobody had dreamed about frozen
7 concentrated orange juice. We didn't even really know
8 about hot pack orange juice, but hot pack concentrate
9 developed by the late '30s and frozen concentrate came in
10 by the late '40s.

11 We built this industry on the fact that we had
12 protection from foreign competition under the tariff and
13 we had public that wanted good citrus products. We could
14 produce them. They got them. We supplied the U.S.
15 market. What was created for us by something we didn't
16 ask for -- don't take it away from us when we ask you not
17 to.

18 We don't really produce enough oranges today to more
19 than supply the U.S. market. In the case of grapefruit,
20 we're the premier producer in the world and we have, over
21 the last 30 years, expanded sales in foreign markets.
22 Unfortunately, we have expanded those sales to the
23 detriment of our domestic sales. So we are selling no
24 more fresh grapefruit today than we used to. Half of it
25

1 is going to Japan and Europe and half of it is still
2 staying here. We are selling more processed products.

3 But we don't really have the competition with
4 grapefruits. Oranges is where our primary concern comes
5 down. We can grow citrus as well as anyone and as
6 cheaply as anyone. We can pack it and process it as
7 cheaply as anyone. But we can't pick and haul it when we
8 compete against cheap labor in other countries and when
9 we compete with other countries who have unregulated
10 industries. They don't have EPAs and they don't have
11 OSHAs and that costs all of us -- I'm glad to see you
12 smiling, Issi. It certainly is true.

13 We don't have the product to sell to the rest of the
14 world so we don't really have a marketing position to
15 say, "We'll give you something if you'll give us
16 something." Our current forecast doesn't suggest we're
17 going to. Let me talk about for just a moment what's
18 been the result, I think, of the liberalized policies in
19 both republican and democratic administrations over the
20 last 30 years.

21 Where have we gotten to? Manufacturing capacity in
22 this country is down dramatically. When you take out the
23 wage rates of executive employees, wage rates corrected
24 for inflation have actually gone down. Today all of
25

1 American agriculture is in trouble. You haven't done us
2 any favors by what's been done on liberalized trade. It
3 makes no difference whether it's the Iowa corn farmer
4 today or my friends in the tomato industry or those of us
5 in the citrus business, it hasn't been a howling success.

6 The last thing I want to touch on from that
7 standpoint is the trade deficit. You see an effect
8 finally here -- in 1998 the highest deficits on record.
9 The only way we sustained those is that foreign dollars
10 have to come in -- they come in here to buy our
11 government bonds. They come in and buy our stocks. They
12 come in and buy our real estate. This industry --
13 they're coming in and competing with this industry here.
14 We're seeing foreign money come in, whether it be from
15 Japan or whether it be from Brazil or whether it be from
16 France, and purchase processing facilities to where they
17 are controlling a substantial chunk of the total
18 industry. I don't believe that's what trade policy was
19 designed to do. I think you need to think about that
20 when we're going forward.

21 I don't believe these facts can be escaped. I think
22 the facts you've heard today from a lot of special
23 interest groups -- and we are special interest groups
24 because we're none of us very big, but we have a little
25

1 niche that we've fitted into over the years. So whether
2 we're growing strawberries in Plant City or citrus here
3 on the ridge or apples in Washington State or some naval
4 oranges in the San Joaquin Valley, we've got special
5 interests and I'm afraid you have to deal with us
6 individually and on that basis. You can't lump us all
7 together. We're not like a foreign farmer. We're not
8 like a cotton grower. We're not that big and we have to
9 be treated specially, so we have to ask for that special
10 treatment.

11 Don't cut our tariffs any more unless you can offer
12 us something in return. Thank you very much.

13 (Applause.)

14 MR. KELLY: Thank you, Mr. Griffith.

15 MR. SNAGGLE: Members of the Panel, my name is Gary
16 Snaggle. I'm Vice-Chairman of the Florida Farmers and
17 Suppliers Coalition. I'm with Mecka Farms in South
18 Florida. We're a family farming operation. We've been
19 in business over 100 years. We grow winter vegetables
20 and citrus.

21 I want to be brief, but I speak here with
22 frustration. I've seen broken promises when NAFTA was
23 instituted. I've seen Mexico gain a 65 percent market
24 share of the winter vegetable business in Florida when
25

1 they had 35 percent before NAFTA. I've seen 200 Florida
2 farm families go out of business since NAFTA. I've seen
3 misrepresentation, either direct or indirect. United
4 States government assures us that we eat the safest
5 produce in the world, and we do if it's grown in America.

6 The stuff that comes in from Mexico is grown with
7 bad chemicals, child labor, filthy unsanitary conditions
8 and is mixed into the same bin in Washington, D.C. or New
9 York City. You don't have a choice. I note that the
10 biggest supplier of illegal drugs to America, Mexico, an
11 historically corrupt country, now is supplying the
12 majority of produce in America. With a devaluation of
13 the peso, Mexico is quick to dump produce below cost,
14 further depressing the prices American farmers receive.

15 I'm not happy with a trade policy that allows a 19
16 billion dollar a month deficit in February and March of
17 this year. I fail to see how that benefits this country.
18 We're the richest country in the world. We didn't get
19 that way through a one world economy that sucks 19
20 billions a month out of the United States.

21 Our current trade policy benefits multi-national
22 companies and foreign countries, while it devastates the
23 American working man and farmer. There should be no
24 extension of our free trade policy until the current
25

1 inequities are fixed and becomes free and fair trade like
2 these other farmers said. We'll compete with farmers
3 anywhere in the world but it's got to be a level playing
4 field. Thank you.

5 (Applause.)

6 MR. KING: My name is Ben King. I'm a seventh
7 generation Floridian and I'm a farm manager for Taylor
8 and Fulton, Incorporated. We are tomato growers and
9 shippers with farming operations in Palmetto and Quincy,
10 Florida and the eastern shore of Virginia. I appreciate
11 the opportunity to speak today.

12 I would like to encourage our trade representatives
13 to fight for fair and equitable trade in the next Round
14 of negotiations. Future trade agreements should work to
15 help U.S. growers compete against foreign farms which
16 don't adhere to our standards. I think we need to ask a
17 couple of questions about how our trade agreements can
18 impact the social conditions or our less-developed
19 trading partners, such as are good agricultural practices
20 being observed like ours? Are labor conditions in these
21 countries consistent with our standards? Is the
22 environment being protected in these other countries?
23 Are the pesticides they use recognized by the U.S. as of
24 the U.S. authorities to be safe?

25

1 You and I both know the answer to these questions is
2 often no. Developing nations do not have the commitment
3 or resources to produce fresh fruits and vegetables
4 according to our standards, standards that U.S. consumers
5 come to expect. Regrettably, those same consumers assume
6 that imported fruits and vegetables are grown under
7 conditions that are comparable to ours. Little do they
8 know.

9 To underscore the disparity between U.S. farms and
10 those in Mexico my boss, J. Taylor, President of our
11 company, hired a camera crew -- with a bunch of our money
12 that I made for him on my little farm -- to document the
13 conditions under which tomatoes are grown in Mexico. We
14 looked at growing conditions, labor management, pesticide
15 use and sanitation.

16 The crew had to travel in secret going to farms
17 without official permission from the government or the
18 Mexican tomato industry. The video that the crew
19 produced revealed shocking disregard for worker safety
20 and environmental protection in Mexico. Young children
21 were shown working side-by-side with adults to pick
22 tomatoes. In one scene, girls were shown covering their
23 faces while a worker sprayed pesticides on top of them.

24 The video showed the highly toxic farm chemicals,
25

1 some no longer legal or registered in the United States,
2 are still used in Mexico. The video also showed farm
3 worker sanitation and howling conditions that American
4 people would find deplorable. One part of the video
5 showed where the people get their drinking water is also
6 where they have their sewage and also where they clean
7 the tomatoes that they pick.

8 The video entitled, "The True Cost of Winter
9 Vegetables," convinced a CBS television crew to go to
10 Mexico and document and broadcast it themselves. I would
11 be happy to give you a copy of the CBS program as well as
12 the video that we shot, or probably Lane Stuart from the
13 FFDA has more copies than I do.

14 Are conditions in Mexico indicative of farm
15 conditions in other developing nations? I can not say
16 for sure, but I think it's probable. We can all remember
17 that the FDA had to restrict importation of raspberries
18 from Guatemala until farming conditions there could be
19 improved to prevent further contamination by a parasite
20 called cyclosporin. In that case, it took hundreds of
21 U.S. consumers to get sick before anything was done.

22 Because protecting the environment, worker safety
23 and wholesome produce are important to U.S. consumers, I
24 believe they need to be -- all consumers in the United
25

1 States need to be aware of where their food is grown.
2 The simplest way to do this is through country of origin
3 labelling.

4 Many of our trading partners, notably Japan, United
5 Kingdom and most European nations, require country of
6 origin labelling for importing fresh produce. Here in
7 the U.S. only Florida has a comprehensive labelling law
8 that ensures imported fresh produce is identified at the
9 retail level. Why should we continue to allow other
10 countries to require labelling on our crops when we don't
11 require the same of theirs?

12 I respectfully urge our nation's trade
13 representatives to seek harmonization of labelling
14 requirements with all of our agricultural trading
15 partners. Country of origin labelling can go a long way
16 towards educating U.S. consumers about where their food
17 is grown and will help them make informed choices about
18 their food.

19 Our industry has much at stake in the next Round of
20 negotiations. Please work to establish a fair trading
21 environment for our farmers. Thank you.

22 (Applause.)

23 MR. KELLY: Thank you. We're scheduled to have a
24 break at 2 o'clock and we're willing to come back, but I
25

1 want to ask is there a lot of people that want to speak
2 after this or can we just get one or two and finish now?
3 Okay. I'm seeing several. Dr. Siddiqui does have to
4 catch a plane, so we're going to break now for about 15
5 minutes and we'll start back at 2:15 sharp and conclude
6 soon thereafter.

7 (Whereupon a short recess was held.)

8 MR. KELLY: Those of you who have got something
9 you'd like to say, please move forward and we'll get
10 started. We're fortunate to have Pat Sheikh take the
11 place of Dr. Siddiqui. Pat is the Director of
12 International Trade Policy for Foreign Ag. Service. We
13 appreciate her being with us today. We'll continue now
14 with comments in this Listening Session with whoever
15 would like to approach the mike.

16 MR. JOYNER: Thank you. My name is Richard Joyner
17 and I'm President of Farm Credit of Central Florida. I
18 want to thank you for the opportunity to speak today and
19 for your interest in Florida agriculture and how the
20 future trade agreements may affect it.

21 Farm Credit alone has over 7,500 loans totally in
22 excess of 1.3 billion dollars invested in Florida
23 agriculture. This is representative of the capital
24 investments of our producers. As a cooperative, our
25

1 member/borrowers represent all segments of Florida's
2 second largest economic force. You've already heard many
3 of the statistics. Maintaining a healthy, viable
4 agriculture in Florida is extremely important to the
5 citizens of Florida and the United States.

6 Through our diverse agriculture we play a major role
7 in helping Americans enjoy the safest and healthiest food
8 supply in the world, while spending less of their
9 available income for food than anywhere else. That means
10 there are more dollars available for other things,
11 thereby allowing our citizens to enjoy the high standard
12 of living we do.

13 That can only continue if our farmers and ranchers
14 are profitable. Appropriate trade negotiations are
15 paramount to the future success of Florida agriculture.
16 Expanding access to international markets is critical to
17 the economic growth of agriculture. As the next Round of
18 negotiations begin we hope the following issues will be
19 taken into account.

20 Ensure that science is the only basis for resolving
21 sanitary and phytosanitary issues. Maintain strict
22 adherence to plant and animal pest and disease standards.
23 Provide a clear and prompt resolution to trade disputes.
24 Seek to improve market access provisions and safeguard
25

1 measures of existing agreements. Protect measures that
2 help equalize operational costs of U.S. producers and
3 those of other countries that are not subject to the same
4 stringent regulatory standards.

5 We support the comments you've heard today from
6 Florida Citrus Mutual, Florida cattlemen, the Florida
7 fruit and vegetable people, and the individual growers
8 and producers. A strong viable agriculture is viable to
9 our state and economy. Becoming dependent on foreign
10 markets for food is not an alternative. I would like to
11 thank you for the opportunity to speak today and for the
12 session that has been made available for us. Thank you.

13 (Applause.)

14 MR. KELLY: Thank you, sir. Now who is next? Do we
15 have somebody else? Yes, sir.

16 MR. WATSON: I'm going to be very brief. I do
17 appreciate the opportunity to be here with this
18 distinguished panel and the distinguished host. I'm
19 Anthony Watson, Jr., Executive Broker of National Juice
20 Products Association headquartered in Tampa, Florida.
21 From the name National you might think it's just a U.S.
22 organization but we have members all over the U.S. and
23 Canada, Brazil, Mexico, Chili, Argentina and I can go on.

24 NJPA is a trade association whose membership
25

1 consists of major -- and I mean most of the major U.S.
2 packers and distributors of fruit and vegetable juices
3 and juice beverages. In the interest of brevity I'm
4 going to say it short and sweet. NJPA opposes the
5 reduction of tariffs on orange, grapefruit, pineapple,
6 lemon and grape juices during the next Round of trade
7 negotiations.

8 Again, in the interest of brevity, because orange
9 has been covered here today, and I would focus primarily
10 on oranges because of the venue here, we will submit more
11 detailed written comments prior to the July 27th
12 deadline. Thank you for the opportunity.

13 MR. KELLY: Thank you. We have a question.

14 MR. WATSON: Yes, you may.

15 MS. HOWES: I was going to ask if you -- you oppose
16 the reduction of our tariffs but a reduction in tariffs
17 in other countries on these commodities?

18 MR. WATSON: Oh, we would be in favor of reduction
19 in other countries, but I think if you leave things the
20 way they are the equilibrium that now exists for U.S.
21 processors will be maintained. In other words, our
22 members rely on imported concentrate for any number of
23 reasons. I mean you could look at a freeze in Florida.
24 That was one reason we didn't oppose or we were opposed
25

1 to the dumping order that was sought several years ago by
2 Florida Citrus Mutual. We were on opposite sides of it.

3 We actually felt it benefitted our processor members
4 to have the solids available to maintain the market
5 during a time of short supply in Florida. So I agree
6 with you. All of these issues are very complex, but we
7 believe that at the present time there is an equilibrium
8 that exists that permits us to get quality fresh fruit
9 supplies for processing from domestic sources, while at
10 the same time being able to import concentrate from
11 foreign countries when that is necessary.

12 MR. KELLY: Yes, sir.

13 MR. BAAS: I probably shouldn't ask this question
14 because I don't want to get you killed, but I don't
15 understand if you're a juice products processing
16 organization or company why you wouldn't want the tariff
17 on citrus to simply -- U.S. tariffs on citrus to go away
18 since that will give you presumably a cheaper product
19 from overseas. I understand -- I'm just asking a very
20 narrow question. I understand there are reasons --

21 MR. WATSON: Well, I think it assumes that
22 elimination of the tariffs would result in reduced price
23 from the foreign suppliers and I don't think one can make
24 that assumption. I'm not sure it's borne out by history.
25

1 MR. BAAS: Okay. So you would argue, I guess, that
2 having -- beyond other reasons for having American citrus
3 producers, it's good for the market to have American
4 citrus competitive --

5 MR. WATSON: Absolutely. In the case of orange,
6 Florida is the second largest producer in the world.

7 MR. BAAS: Okay. Thanks.

8 MR. WATSON: Thank you.

9 MR. KIRBY: Good afternoon. Madam Ambassador, Dr.
10 Roberts and members of the panel, my name is Tom Kirby.
11 I'm the Executive and Government Affairs Director of the
12 Dade County Farm Bureau. Many of you may not recognize
13 the name Dade County but we're in the greater Miami
14 metropolitan area.

15 Once of the problems that we face in production that
16 hopefully you can take into account is that we have a
17 unique situation in Florida with having some of the
18 highest priced farm land in the country. Consequently,
19 that adds -- when you get into the area of competition,
20 that adds yet another burden that we in Dade County have
21 to deal with.

22 I've watched my membership dwindle. I was born and
23 raised in the Homestead, Florida area and indeed south
24 Dade where all the farming takes place. I have seen
25

1 families that have been in farming for 100 years go out
2 of business due to NAFTA. What George Cooper from Belle
3 Glade, the equipment dealer that spoke to you earlier,
4 failed to mention is that he used to have a dealership in
5 Homestead also but he had to close that operation up.

6 Dade County agriculture is a big business. Prior to
7 NAFTA it equated to about a billion dollars in economic
8 impact annually to the Dade County area. Today,
9 following NAFTA, those numbers -- recent numbers came out
10 of the University of Florida put that figure at 732
11 million.

12 We produce three major crops in Dade County. The
13 biggest used to be the winter vegetable crops --
14 tomatoes, pole beans, eggplant, zucchini, cucumber -- all
15 the traditional winter vegetables. We also produce
16 tropical fruits -- mangos, limes, avocados, carabola,
17 and some of the more exotic tropicals. The mango
18 industry in Dade County has literally gone down the tubes
19 for the simple reason that we're again in a non-
20 competitive situation. Mexican mangoes are flooding the
21 market.

22 Our biggest industry today is ornamental
23 horticulture and the people in that industry are just
24 waiting until the day comes when they are going to be
25

1 affected. So far they feel rather fortunate that they're
2 not affected at the moment, but they know that sooner or
3 later it's coming with the liberalization of trade
4 policies.

5 We were promised by the present Administration prior
6 to NAFTA that Florida growers, vegetable growers, would
7 be protected and they haven't been. We want those
8 promises lived up to. We want those promises taken into
9 account and fulfilled prior to any more trade
10 negotiations with anybody anywhere at any time.

11 We need remedies in place that are effective and
12 that are realistic. If it hadn't been without the help
13 of Commissioner Bob Crawford and our Florida Legislature,
14 the recent tomato wars would have never been resolved.
15 It was just too expensive a process for the average
16 grower.

17 So we beg you, please fix the inequities in NAFTA
18 before proceeding with any other trade negotiations. We
19 understand -- we don't have our heads in the sand in Dade
20 County. We understand the importance of trade. We're
21 home of one of the busiest airports in the world, Miami
22 International, and one of the biggest seaports in the
23 world, the Port of Miami. International trade has taken
24 over. It's the number one industry. It exceeds tourism
25

1 in Dade County. So we know that the trading has got to
2 take place, but as has been repeated time and time and
3 time again here today, it's got to be fair trade, not
4 necessarily free trade.

5 Let me draw an analogy, and I'm not sure you'll
6 connect with it but it makes sense to me. Back before
7 the NAFTA agreement, Florida tomato growers had an
8 economic impact and cash receipts in this state of about
9 750 to 800 million dollars annually. That figure,
10 according to Department of Agriculture statistics, has
11 dropped to 487 million. It used to be -- tomatoes used
12 to be the number two crop in this state, second only to
13 citrus.

14 As was published in a recent Florida Trend article,
15 and I don't think anybody in this room would be proud to
16 admit this or it's not something that they're going to
17 boast about, but tomatoes are now the number three crop
18 in Florida. The number two crop that used to be tomatoes
19 is now illegally produced marijuana. Something is askew
20 with our trade policies and the Administration needs to
21 focus on taking care of Florida's winter vegetable
22 producers. Thank you very much for your time and
23 allowing me to make these comments to you.

24 (Applause.)

25

1 MR. KELLY: Okay. Thank you. We've got one more.
2 Is there anybody else? We're planning on one more and
3 then we're going to turn this over to Dr. Roberts to
4 conclude it.

5 MR. STEVENS: Good afternoon. My name is Martin
6 Stevens, Golden Gem Growers. I want to add my thanks to
7 those of others for you folks coming down and allowing us
8 to talk to you. I am one of the small third generation
9 citrus growers, however I'm here primarily to speak for a
10 much larger group of growers. I am a member and also an
11 employee for over 40 years and Senior Vice-President of
12 Golden Gem Growers.

13 Golden Gem is a true cooperative. It was formed in
14 1947 by three growers who didn't feel like they could get
15 a fair deal anywhere else. It now has over 450 members
16 who own almost 40,000 acres of citrus. Citrus is grown
17 in 28 counties in Florida and we have members in each one
18 of those.

19 I'm going to abbreviate most of my remarks because
20 most of them have been covered by other people,
21 especially Andy LaVigne. But these growers collectively
22 have invested millions of dollars in facilities in order
23 to try to improve the return on their investment in the
24 groves. The cooperative can do it all including fresh
25

1 fruit packing, FCOJ not from concentrate both in bulk and
2 packaged form.

3 In addition to the 450 growers there are over 800
4 employees and that doesn't count over 1,000 more who work
5 the groves and pick the fruit on a seasonal basis. None
6 of these people would benefit and all would suffer if
7 anything would happen to the equalizing import tariff
8 that we have on FCOJ.

9 On a level playing field, the Florida citrus
10 industry can compete with anyone in the world but we
11 don't have a level playing field because of all the
12 things that have been brought out previously. It
13 probably never will be a level playing field because by
14 the time the Brazilians start to pay people as much as
15 we're paying here, we'll probably be paying two or three
16 times as much. After all, in my career I've seen the
17 minimum wage go up over seven times what it was when I
18 started here.

19 But one of the things that -- I'll leave out most of
20 the rest of this but I wanted to emphasize one thing.
21 The much touted benefit of free trade would be that you
22 would have lower consumer prices. Believe me, in this
23 situation it ain't gonna happen. I can well remember the
24 good old days when I sold fresh fruit and the price that
25

1 the consumer paid had a large bearing on the prices that
2 we charged for fruit. If we lowered our prices, the
3 retailers lowered their prices and we moved more fruit
4 and that was how we got ourselves out of trouble. It's
5 supposed to work that way.

6 You probably have economists on your staff that will
7 tell you it would work that way if things like that did
8 -- if we got rid of part of the tariff. But I can tell
9 you it simply won't. There's something different in the
10 real world today in this fresh -- not just citrus, but
11 also processed citrus and vegetables. That is the fact
12 that the retailers have learned that they can hold their
13 prices up high, buy lower and simply make more profit.
14 They do not lower their price every time we lower our
15 price. How that happens, I don't know the reason for it,
16 but I'm sure we would appreciate it if you would check
17 that out. It's real.

18 I'm sure Commissioner Crawford's office can provide
19 you with all kinds of documentation on that on the kind
20 of markups that these people have been getting. I would
21 like to say to those that are left in the audience, I
22 think we all should take heart. I appreciate the
23 attitude that's been displayed by you folks and the
24 others and the opening remarks. It's a far different
25

1 tone and a different attitude than a meeting similar to
2 this that I went to -- I don't remember how many years
3 ago it was, but it was in Vero Beach.

4 The gentleman who came down from Washington spent a
5 little time riding around Vero Beach and about every
6 second or third car he saw was a Mercedes. He made the
7 assumption that all those Mercedes were being driven by
8 citrus growers and he got up in front of a group just
9 like this and said that if we lowered the tariff on
10 orange juice by 5 or 10 cents a pound solid, it appeared
11 to him that the only difference that would make was that
12 the average citrus grower would just move from this model
13 of Mercedes down to this model of Mercedes.

14 So I appreciate very much that that is not your
15 attitude. Citrus growers as a group are not a bunch of
16 fat cats. We're just a bunch of hardworking, down-to-
17 earth people that are paddling as hard as we can to keep
18 our nose above water. Thank you very much.

19 (Applause.)

20 MR. KELLY: Thank you. I'd like to say thank you to
21 each one of the speakers for their very concise and
22 thoughtful remarks. I think the panel would want me to
23 echo that and tell you that they appreciate your help in
24 keeping this on time. You've done a good job of that.

25

1 I'd also like to thank the panel for being very attentive
2 for these comments. With that, I'm going to turn it over
3 to Dr. Martha Roberts for any conclusionary remarks.

4 DR. ROBERTS: Well, there's some of us here that are
5 going to stay to the end 'til we get what we need, right?
6 On behalf of Commissioner Bob Crawford I would like to
7 express his deep appreciation and the deep appreciation
8 of all the Florida agriculture, both to the Office of the
9 U.S. Treasury and to the U.S. Department of Agriculture
10 and to the U.S. State Department for their participation
11 in this Listening Session.

12 Again, Commissioner Crawford said it was a real
13 honor for Florida to be the first in these Listening
14 Sessions. Commissioner Crawford wanted me to make
15 certain to express our sincere appreciation to Matt
16 Dempsey, his Federal State Director, as well as Will
17 Bussey and other members of his staff for their
18 organization of this and to everybody in Florida
19 agriculture for your participation, your interest and
20 your presence and your comments. Without our comments to
21 USTR and USDA and the State Department, they can not know
22 what we need in the negotiations. We have an
23 opportunity. If we do not take it, we're to blame if
24 they don't know what's important.
25

1 So I encourage those of you who have not made oral
2 presentations, if there are points that you know that
3 were not made, to please put them down in writing and
4 submit them to the agencies. They would very much
5 appreciate that.

6 Commissioner Crawford, in his opening remarks said,
7 "No issue is more important to Florida agriculture than
8 international trade and international trade agreements."
9 He says, "We've got to maximize the winners. We've got
10 to minimize the losers." You had your opportunity today
11 and hereforward to make sure your voice and your needs
12 for Florida agriculture are known.

13 Thank you for being here and my thanks again to
14 USTR, USDA and the State Department for having this, the
15 first Listening Session, for the upcoming negotiations.

16 Thank you.

17 (Whereupon the Listening Session was concluded at 2:25 p.m.)

1 STATE OF FLORIDA)
)
2 COUNTY OF POLK)

3
4 I, GAYE MONAGHAN, Certified Verbatim Reporter, certify
5 that I was authorized to and did report verbatim the foregoing
6 Listening Session; and that the transcript is a true record of
7 the testimony given by the participants.

8 I FURTHER CERTIFY that I am not a relative, employee,
9 attorney, or counsel of any of the parties, nor am I a
10 relative or employee of any of the parties' attorney or
11 counsel connected with the action, nor am I financially
12 interested in the action.

13 DATED this _____ day of _____, 1999.

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GAYE MONAGHAN, C.V.R.

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